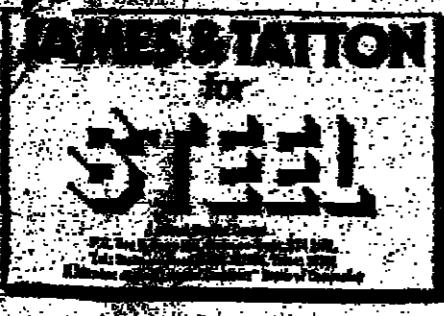


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NEWS SUMMARY

Britain slides back to work

Britain is back at work today after the Christmas-New Year holiday, but continuing chaos on roads and rail caused by the weather could mean empty offices and factories almost everywhere.

Informal currency links to bridge delays over EMS

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The French franc and the Italian lira are unofficially to be closely linked with other EEC currencies from today, as if the new European Monetary System was in operation, even though the formal start has been delayed.

The original intention, agreed by EEC leaders in Brussels early last month, was that the system would start from the beginning of January.

This was blocked by last week's French decision to refuse to allow EMS to go ahead until outstanding problems of agricultural trade and prices had been settled.

The central banks of the eight countries participating in EMS have agreed to intervene to keep their currencies within specified narrow margins of each other.

For seven of the countries, this means that their exchange rates must be within 2.25 per cent of each other, though Italy has been allowed a 6 per cent margin.

The delay may simply be the result of a straightforward dispute between France and Germany on the level of farm subsidies, as the French statement said on Friday.

While, for the same reason, the issue should also be capable of resolution by political compromise, officials were not unduly concerned about the difficulty of sorting out the agricultural issue in view of the strength of French views.

The delay may, however, reflect a deeper French concern about the durability of the system in its present form, following the renewed weakness of the dollar in recent weeks.

President Giscard's views may also have been affected by recent criticism of his EEC policies from within France, notably in Parliament and from farmers.

These more fundamental reservations could mean a much longer delay and, indeed, could lead to pressures to alter the present form of the system.

The main focus of efforts to resolve the dispute is likely to be the meeting of President Giscard d'Estaing and Chancellor Helmut Schmidt of West Germany at the Gueldeburg summit on Friday and Saturday.

If they can provide an initial five week-end, the issue could be sorted out by EEC Farm Ministers in Brussels on January 15 in time for the system to start later this month.

France, which took over the Presidency of the Council of Ministers yesterday, may be ready to call an earlier ministerial meeting if this is requested.

In a special article in today's Financial Times, Chancellor Schmidt says further joint efforts by the Nine will be needed "to remove the reservations of our French friends concerning the financing of agriculture."

Europe on the threshold of a big step forward, Page 10

Shah fails to clarify 'winter break'

BY SIMON HENDERSON

TEHRAN — The Shah of Iran yesterday failed to clarify persistent reports that he is about to leave the country temporarily amid signs that the growing chaos in the country is hampering the exodus of foreigners.

Appearing in public for the first time since the contradictory reports that he was to leave the country "for medical reasons and relaxation," the Shah merely said he would like to go away for his annual winter holiday when things had settled down.

The Shah appeared before Western photographers and television cameramen with his wife and three younger children as violence persisted in the provinces and efforts to form a government in the capital seemed to be running into difficulty.

Mr. Ardeshir Zahedi, his close adviser and ambassador to Washington, however, told cameramen that the Shah would remain in Iran.

Dr. Shapour Bakhtiar, the new Prime Minister designate, who claims he took the job on the basis that the Shah would go, has said his cabinet list is two-thirds complete. He said he hopes to form a government by the end of this week, which, in the Moslem calendar, means by Thursday.

No names of prospective Ministers were given. Dr. Bakhtiar said he would move his government in the direction of social democracy. He said he would gradually lift martial law and allow compensation for the families of those hurt in the recent troubles.

Yesterday, General Azhari, the present Prime Minister and head of the armed forces, submitted his resignation in what is seen as a formal move preparing the way for Dr. Bakhtiar. The Shah accepted it on the understanding that the general would stay in office until Dr. Bakhtiar was ready.

A new government would have to be presented to Parliament now in recess, but no special session has yet been called. Officials say, in fact, that one of General Azhari's deputies will be in charge of affairs, as the general suffered a heart attack on December 20 and has still not yet fully recovered. The deputy has not been named.

Shortages The rapid succession of political moves over the weekend has so far failed to calm anxiety over Iran's future. Violence has continued in many towns and cities, several hundred anti-Shah protesters reported shot dead by the army in Mashhad. Western embassies advised their nationals on Sunday to leave, The Shah and the army, Page 2

FT print for first time in Frankfurt

COPIES of the Financial Times for sale in large part of Europe and the U.S. were last night printed for the first time in Frankfurt, W. Germany.

By printing in Frankfurt distribution of the Financial Times will be much improved. In all but extreme weather conditions, the FT will, in future, be on sale in most European capital cities before breakfast. On Wall Street, it will be available at 9.30 a.m.

The European FT is being printed on the traditional pink newspaper. The print is Frankfurt Societe Druckerei, an old-established contract printing house in the centre of Frankfurt.

The bulk of the Frankfurt paper will consist of pages sent from London using a page facsimile transmission system, sending photographs of full pages across high quality telecommunication circuits.

Part of the paper will be specially written and edited for the FT's overseas readers. Frankfurt was chosen as the FT's second printing centre because of its prime position at the centre of the European motorway system.

The FT will be delivered to major European capitals in six-wheeled Citroen vans specially designed for newspaper deliveries, with a cruising speed of 100 mph per hour.

Last night's print run in Frankfurt was 20,000. This will be raised over the next three months to 30,000. Approximately 20,000 copies are being dropped from London production runs.

The Financial Times now has a circulation of around 181,000, and a worldwide readership of about 225,000. Roughly 14 per cent of its sale is overseas.

Over the coming months, the FT will be mounting a marketing drive aimed at increasing its penetration in the European and American markets.

The Frankfurt-printed paper is being distributed from today to major business centres in Germany, Austria, Belgium, Italy, the Netherlands, Switzerland and Turkey, as well as to the U.S.

Over the next few months the following countries will be added: France and Luxembourg (in February); Finland, Greece and Portugal (in March); and Canada and Spain (in May).

The Financial Times Frankfurt Project, Page 11

GENERAL

Appeal to unions by PM

Prime Minister James Callaghan's New Year message contains an appeal to the trade unions not to abuse their power in what will be a year of decision and advance as the British choose at a general election the path they will follow for the next decade.

The country had already proved the doom-mongers wrong, he said. Now inflation had to be permanently defeated, industrial change accepted and the UK revived, primed by North Sea oil, maintained.

Tyranny threat says Smith

Rhodesian Prime Minister Ian Smith is his last New Year message before retiring in April, said the Anglo-American Daily Telegraph, and talks with the plan for an all-party conference was "a write-off" and he warned that only the internal settlement could save Rhodesia from "tyranny and totalitarianism."

China celebrates

Senior Chinese and U.S. officials toasted the establishment of diplomatic relations in Peking. China has also switched to a new phonetic alphabet starting this week. Details, Back Page, Feature, Page 2

Sadat's priority

President Sadat of Egypt says the issue of a peace treaty with Israel has dropped to second or third place in Egypt's list of priorities. First place is now occupied by the "Carrier plan" for increased U.S. aid to Egypt. Page 2

Hess 'stable'

Kurt Hess, former deputy to Hitler, was in a stable condition at the British Military Hospital, West Berlin, where he was taken three days ago with a blood circulation disorder.

Napoli New Year

The people of Naples woke to count the cost of their New Year's Eve celebrations. So far the count is 148 injured by fire, work burns, three injured by stray bullets and 50 fires.

Briefly . . .

Sri Lankan lawyer danced the twist for 102 hours, a new world record.

Five members of a Dutch farmer's family died from poisonous central heating fumes.

Two men died and six were hurt in a blizzard in the Bass Strait, south of Melbourne.

BUSINESS

Employers hopeful on pay rises

EMPLOYERS believe that the Government's abandonment of its pay restraint policy will have little impact on wage increases in the present round, the latest FT monthly survey of business opinion shows.

The median expected increase in wages was steady at 11.7 per cent, while the comparable figure for inflation was also unchanged from the previous month at 10.1 per cent.

UK MOTOR industry has suffered a sharp deterioration in its trading balance with the rest of the world, following a rise in car imports, the Society of Motor Traders and Manufacturers says.

BRITISH Government still aims to achieve a net year-by-year reduction in its overseas borrowings after completion of a large part of the restructuring of those debts over the past 12 months.

ITALY is within reach of achieving a trade surplus for 1978 for the first time since 1942.

PROSPECTS for a solution to the five-week West German steel dispute improved after New Year talks.

BSC CHAIRMAN Sir Charles Villiers has had his three-year appointment extended by a further year until September 1980. BSC believes it will not be able to proceed with major closures of old plant before a General Election, though it expects 3,000 jobs to disappear in the coming year.

TUC will make arrangements early in the New Year for a review of its Bridlington procedures which are designed to resolve inter-union disputes.

COMPANIES

PRUDENTIAL Corporation (formerly Prudential Assurance) increased overall annual premium income by 23 per cent to £132.6m (£116.2m in 1978). Single premium business declined 4.3 per cent to £91.7m (£95.8m).

SUN ALLIANCE and London Assurance Company, the life company of Sun Alliance and London Insurance Group, has improved its reversionary bonus rates for 1978.

Crippled Greek tanker threatens Spanish coast

BY DAVID GARDNER IN BARCELONA

A GREEK oil super tanker carrying 208,000 tonnes of crude oil was last night drifting helplessly off the north-west coast of Spain trailing a slick several miles long and threatening a serious pollution disaster.

The tanker is carrying 12,000 tonnes of oil less than the Amoco Cadiz, which last year hit rocks off the north-west coast of France and devastated a huge stretch of the Brittany shoreline.

All but three of the crew of the Andros Patria are believed to have drowned after the skipper amid appalling weather conditions. The dead are thought to include 39 crew members, the captain's wife and his two-year-old son.

High winds were driving the tanker towards the north-western corner of Galicia, one of the few remaining areas of Spain with undeveloped beaches. A change in wind direction, however, could direct the oil slick further south towards the port of Vigo and Portugal.

The tanker, owned by the Seas Transportation Corporation of Piraeus, was holed above the water line by an explosion about 30 miles north-west of the Spanish port of Coruna. It was on its way to Rotterdam from the Iranian oil terminal of Kharj Island.

The salvage operation was being co-ordinated by the company's New York agent which has signed a Lloyd's open-form salvage agreement and brought in a Typhoon-type salvage tug from Holland. The tug last night was still standing by, trying to get close to the Andros Patria and get it in tow when weather permits.

The tanker's oil, which the Lloyd's agent in La Coruna said was owned by British Petroleum, has already been leaking extensively. The naval authorities in La Coruna said the slick was more than three miles long. The ship's boatswain, who was rescued along with the chief engineer and pump-man,

said the tanker was holed just above the water-line—and therefore relatively high up on the storage tanks, holding about 50,000 tonnes of crude, were holed, has limited the spillage so far.

Although the ship remained in one piece, continuing storms in the area were making it unapproachable.

The accident happened on Sunday at 9.35 pm. The three surviving crew-members said all those who abandoned ship were swept away in the force nine storm when the life-boats capsized.

The three survivors had remained on board. They were lifted off by navy helicopters in two trips yesterday.

The damage to the Galician region's shellfish resources is likely to be substantial.

Sheila Island's Council is to hold a full inquiry into an oil spill at the 2,100m Sullium Voe terminal at the weekend. The incident happened when the 190,000-tonnes Esso Bernicia leaked several hundred tonnes of oil off after being holed while mooring at a loading jetty.

Scottish lorry strike opens month of widespread claims

BY ALAN PIKE, LABOUR CORRESPONDENT

AN ALL-OUT strike by Scottish lorry drivers tomorrow will open a month that is likely to see heavy pressure in private and public-sector pay claims.

The impact of the drivers' action will also be felt in England. Men at Tilbury, Liverpool, Southampton and Hull are ready to strike in support of 20-30 per cent claims.

Although nothing can apparently stop the Scottish strike from going ahead, further negotiations are taking place today in many English regions of the Road Haulage Association. Even if these fail to produce immediate settlements, employers hope that action south of the border will remain unco-ordinated and limited.

Strike action by the 5,000 Scottish drivers follows rejection by Transport and General Workers' Union representatives last week of an offer worth 15 per cent. That level of offer is likely to be reflected in the English negotiations.

Industrialists fear a repeat of the 1974 Scottish lorry drivers' strike, which had a serious impact, although the immediate effect of tomorrow's action will be disguised by bad weather.

Haulage employers say that the 15 per cent offer, raised from 5 per cent when the Government lifted its sanctions policy, is very reasonable in relation to the industry's ability to pay. They believe that it may find more favour with the drivers than it did with the union negotiators.

Union leaders hope that they have averted the threat of a national tankers' drivers' strike from tomorrow with offers that are also worth about 15 per cent. Ballots among drivers and depot workers employed by the big oil companies have been in progress during the weekend and the first results will be known today.

Although the Government will be greatly relieved if the danger of a highly damaging stoppage by tanker drivers has been avoided, the price of peace will be far too high for its liking. The levels of some offers being made in the private sector will do nothing to increase local-authority employers' chances of obtaining a peaceful 5 per cent settlement.

Shortages

The rapid succession of political moves over the weekend has so far failed to calm anxiety over Iran's future. Violence has continued in many towns and cities, several hundred anti-Shah protesters reported shot dead by the army in Mashhad. Western embassies advised their nationals on Sunday to leave, The Shah and the army, Page 2

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Egypt turns to U.S. aid plan as hopes of Arab funds dim

BY ROGER MATTHEWS IN CAIRO

THE ISSUE of a peace treaty with Israel has now been relegated to second or third place in Egypt's list of priorities...

producing countries, and particularly Saudi Arabia. The Government is meanwhile continuing to gradually push up prices of so-called "luxury" products...

"After reviewing the State budget and discussing the year's plan we came to the conclusion that we have no other alternative but to adopt a plan similar to Marshall Aid. Food and infrastructure constitute our basic problems and neither will bear any postponement."

On what was dubbed "The Day of the Democratic Revolution" President Sadat has also signed a decree that will allow a "significant" devolution of central powers to the regional governors...

Mr. Sadat's insistence on a "Carter plan" is an indication that the Egyptian government is less confident of continuing substantial financial assistance from the main Arab oil-

As for the peace talks with Israel, Mr. Sadat said that the only obstacle to signing a treaty, was the issue of "linkage". The deadline in the talks was over Palestinian self-rule on the West Bank and Gaza and this was proof that Egypt was insisting on a comprehensive settlement, he said.

Smith tells Rhodesians: 'Make settlement work'

BY TONY HAWKINS IN SALISBURY

DESCRIBING THE Anglo-American plan for an all-party conference on Rhodesia as a "write-off", Mr. Ian Smith, the Rhodesian Prime Minister, has told his countrymen that they must now make the March 1978 internal settlement work if the country is to be saved from "tyranny and totalitarianism".

Mr. Smith said that the Rhodesian transitional government remained willing to attend an all-party meeting on Rhodesia without preconditions. But the British and U.S. governments lacked the will to stand by their undertaking of October 30, 1975, to proceed with such a conference in the face of resistance from the Nkomo Muzare Patriotic Front.

In his final New Year message as Prime Minister—Mr. Smith is to retire from politics when one man vote elections are called in April this year—the Rhodesian leader said the country's main objective now was recognition by the free world. The Anglo-American plan for an all-party conference appeared to be a write-off "because the Patriotic Front have exercised their veto and the Western powers are retreating in the face of their demands."

Mr. Smith said that on every occasion since the Kissinger agreement of September 1976 the Patriotic Front had gone back on previous commitments—such as acceptance of the Kissinger formula—and the British and U.S. governments had failed to stand up to the external nationalist leaders.

Beirut losing companies

BY OUR BEIRUT CORRESPONDENT

SEVERAL U.S. companies and banks still operating in Lebanon were reported today to be planning to move their offices to Athens or the Gulf.

Leftist newspapers list them as the Bank of America, Chase Manhattan Bank, First National City Bank of Chicago, International Business Machines (IBM), Honeywell Electric and 3M-Houston. However, officials at some of these described the report as premature.

The information was apparently derived from workers and employees who have allegedly been given a choice of staying behind, at half salary, or moving with the company.

Beirut, once the Middle East's business centre, has only a few foreign companies. Most companies moved their regional offices during the civil war. Now, two years after the civil war, the country is still far from safe. Privately, foreign businessmen complain of lack of security and their inability to make long-term plans because of continued instability.

For their foreign banks especially, the downturn area where their head offices are remains unsafe, with fighting repeatedly breaking out there. They have taken other premises in safe areas which has also caused a problem. If these areas are Muslim, Christian employees would not show up for work, and vice versa.

Businessmen emphasised, however, that whatever happened in Lebanon, they would maintain a presence. They were not planning a total departure, one businessman said.

THE SIGN of the gate of what will become the American embassy in Peking still reads "Liaison Office, United States of America." It is one of the few things in China that has not altered in the past year, although it will be replaced in March when the two governments exchange ambassadors.

It will need to maintain that momentum—and more—if it is to reach by the year 2000 the targets set for the four modernisations—industry, agriculture, science and technology and the military. But what had seemed a year ago to be an impossible dream was beginning to look not so unattainable as 1978 ended. Nothing seems too improbable in a China which will be selling cans of Coca-Cola to its tourists later this month.

China's extraordinary activity in foreign relations made 1978 a year of political benefits and attendant economic bonuses. Prompted by a growing fear of hostile encirclement by the Soviet Union, the Peking leadership assiduously wooed nations which would stand at least politically against Russian expansionism. An unprecedented procession of heads of state tripped into Peking to elaborate staged welcomes that lacked only ticker-tape. Those festive extravaganzas have now been discontinued, along with the gargantuan 5,000-guest welcoming banquets so inconsistent with China's sober austerity.

No doubt cheered by the willingness of so many African, Asian and European leaders to say publicly how well-disposed they felt towards China, Peking stepped up its renewed over-

Peace bid in W. German steel strike

BY ADRIAN DICKS IN BONN

PROSPECTS FOR a solution to the five week-old West German steel dispute have improved once again, following a fresh round of talks over the New Year weekend held by Herr Friedrich Farthmann, the North Rhine - Westphalia Minister of Labour, with the two sides.

make an effort. He also reminded West Germans that labour disputes were a part of the democratic process, and warned people who "set too much store by harmony" that only under dictatorships was it possible to do without genuine clashes of interest.

Herr Farthmann himself described the state of the negotiations as "thin ice, over which the two sides may just be able to walk," but he emphasised that it would be over-optimistic to talk about a breakthrough.

Herr Farthmann's plan would give all 200,000-odd steel workers in the affected bargaining regions of North Rhine-Westphalia, Bremen and Osnabrueck three days' extra annual holiday. In addition, workers on night shifts would receive three to three and a-half free shifts more, while all workers aged 50 or more would get a further two free shifts.

Giscard puts case for CAP reform

BY JONATHAN CARR IN BONN

PRESIDENT Valery Giscard d'Estaing has personally underlined France's commitment to phase out the system of Monetary Compensatory Amounts (MCAs) within the European Common Agriculture Policy (CAP).

German shipyard orders down

BY GUY HAWTIN IN FRANKFURT

WEST GERMAN shipbuilders have reported a massive decline in their orders in hand. A statement, just published, says that the German order book during the past year has fallen at double the rate of the world average.

Turkey expects Western emergency fund

BY METIN MUNIR IN ANKARA

MR. ZIYA MUEZZINOGLU, Turkey's Finance Minister, said he expected a group of Western States, including the U.S. and West Germany, to set up an emergency fund this year to help Turkey stabilise its economy.

Saudis deny king seeking Sadat summit

BY IHSAN HIJAZI IN BEIRUT

SAUDI ARABIA has officially denied that King Khalid has been seeking a summit conference with President Anwar Sadat of Egypt. Sheikh Mohammed Abdo Yamani, the Saudi Minister of Information was quoted by the state-controlled Saudi Press Agency as saying that "such matters are not decided in journalistic circles and news agencies."

According to the Verband der Deutschen Schiffbauindustrie, the shipbuilders' trade association, the West German shipyards' collective order book dropped by 68 per cent from the end of October, 1977, to the end of September last year. During the 12 months the order position declined from 1,438 gross registered tonnes to 470,000 GRT.

Not only did orders decline, deliveries also stopped heavily. The ship builders' association reported that during calendar 1978 German yards delivered a total of 900,000 GRT, worth a total of DM3.8bn. In tonnage terms, this was a 40 per cent drop on the 1977 figure, while measured in cash sales the fall was 23 per cent.

Renewed awareness of this possibility may induce the Western States to produce the funds, although perhaps not in the amounts expected by Ankara. Mr. Muezzinoglu said subscriptions to Turkey's programme for a \$500m medium-term facility from the Eurodollar market had approached \$400m. Japanese banks were expected to put up between \$25m-\$50m. He expected the facility to be usable by February.

The Finance Minister believed Turkey's economic plight would be taken up at the summit meeting in Gastein this month. Economic observers in Ankara believe an emergency fund is imperative if Turkey is not to enter a prolonged recession, which could have disastrous consequences for law and order.

The interview, published today, was clearly given before it became clear late last week that an impasse on this agricultural issue would delay the start of the European Monetary System (EMS), which was supposed to come into effect today.

Further, the fall in the delivery figures brought the utilisation of the production capacity of West German yards down to a new low level. The association reported that the shipyards concentrating on the construction of new vessels were operating at less than 50 per cent capacity. The association estimates that

He also said that 81 per cent of the banks to which Turkey owed about \$2.5bn had agreed to a debt-restructuring programme. Only two banks had disagreed, and the rest were still examining Ankara's proposal.

Mr. Muezzinoglu said the Government is "determined to press on with the stabilisation programme."

However, it is plain that the President's renewed public identification with the cause of MCA reduction will not make easier the finding of a compromise—in the first place with West Germany. Chancellor Helmut Schmidt will be meeting President Giscard d'Estaing at the Guadeloupe summit conference later this week, and it is expected that the issue will be raised then.

Mr. Muezzinoglu said the figures being mentioned were between \$1bn and \$1.5bn a year, over five years. These five years would correspond to Turkey's fourth five-year development plan (1979-1983).

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Meanwhile, the West German Agriculture Minister, Herr Josef Ertl, has described the French link between the start of the EMS and agreement on the MCA issue as "unreasonable and intolerable."

The plan's principal aim in the first two years is to stabilise the economy, which is about to enter its third year of recession. An emergency fund of the size

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OECD forecasts

IN THE first edition of the Financial Times of December 22 it was wrongly stated, due to an error in transmission, that the OECD estimated that rise in oil prices decided by the Organisation of Oil Exporting Countries would have a negative impact on the area's current account of \$20bn, an annual rate. In fact, the OECD puts the impact at \$10bn.

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Japan limits new lending by city banks

BY RICHARD HANSON IN TOKYO

THE BANK of Japan has put lower limits on new loans by the major city banks during the January-March quarter, but the guidelines appear to be aimed more at controlling excesses under its easy credit policies than tightening up.

John Hoffman in Peking reviews the landmarks in China's great leap outward

BY JOHN HOFFMAN

China's chief executive, making profound policy decisions and representing the nation in both economic and political fields. Chairman Hua, meanwhile, functions as a chairman of the board who seems increasingly content to delegate executive responsibilities.

No end to the Year of Accomplishment

newly-mature international outlook, new domestic directions and a economic formula for catching up with the developed world. By the year's end China had developed a galloping momentum in its run towards modernisation. It will need to maintain that momentum—and more—if it is to reach by the year 2000 the targets set for the four modernisations—industry, agriculture, science and technology and the military. But what had seemed a year ago to be an impossible dream was beginning to look not so unattainable as 1978 ended. Nothing seems too improbable in a China which will be selling cans of Coca-Cola to its tourists later this month.



Chairman Mao Tse-tung: damaging year

Chairman Hua Kuo-feng, characterising the euphoria which in no way affected the growing energy of the Chinese in their quest for recognition and participation throughout an increasingly friendly world, launched himself in August on a visit to Yugoslavia and Romania, two socialist countries which China has acknowledged as models for emulation in industrial development.

China will be obliged to use up to \$35n dollars worth of foreign credits in the next eight years. The leadership has managed fairly well to put on the image it wants—that of a pragmatic, flexible and outward-looking team. Vice-Premier Deng undoubtedly China's policy strongman recently assured the world of Peking's stability, thus dampening growing speculation that he might try to unseat Chairman Hua.

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That was not China's only concern, of course. China is hungry for Japanese technology to modernise its industry, and eager to establish a Japanese

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crisis
intervention
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Wicks in Zurich
Swiss National Bank
to large-scale
on the foreign
market in the
months of 1978, according
to President Dr. Fried
mann, to counter the high
rate of inflation in the
with the Bernese
Dr. Friedmann, Dr. Lew
announced that foreign
reserves of the Swiss
National Bank had
fallen up between 5
October and Christmas
and that this had
brought the total
for 1978 to about
100 billion Swiss
francs. The
deduction of Swiss
francs for the
purpose of the
proceeds of the
sale of foreign
exchange holdings
this year was of
1.5 billion Swiss
francs, which
was due wholly to
the sale of Swiss
francs in the
last months of
1978. Dr. Friedmann
said that the
sale of several billion
francs would be
needed to cover
the foreign-currency
requirements of the
National Bank. The
sale, however, would not be
by a revocation of
reserves held
in the planned
"Carrot bonds,"
but conditions for this
had not yet been
determined. The
sale would probably
begin in January, he added. One
of the main
reasons for the
withdrawal of
francs from the
market was the
fall in the price
of the franc, which
was due to the
fall in the price
of oil. These are
the Swiss Treasury
said by the National
Bank of Zurich.
The introduction of
new currencies will
be a major factor
in the future.

limits
ending
banks

limits in Tokyo
of Japan has put
on new loans by
the banks during
the last quarter
of 1978. It is
not clear whether
this is due to
the tightening of
credit conditions
or to the
fall in the price
of oil. The
Bank of Japan
said that the
total amount of
loans granted
in the last
quarter was
1.5 trillion yen,
or about 10%
less than in
the same
quarter of
1977.



What your boardroom needs

Whether or not your board see eye to eye politically with our Energy Secretary, they'd do well to hear him out when he airs his views on energy conservation.

In recent months, Mr. Tony Benn has brought some alarming facts to industry's notice.

The quicker board directors digest these facts and act on them, the healthier your company, and the country as a whole will be.

The facts are these: "There is strong evidence to suggest that an energy saving of 10% is well within the grasp of industry and commerce."

"In real terms it means that £500m is there for the taking."

An area that obviously figures prominently in Mr. Benn's thinking is one that costs British industry more than £4000m last year.

Factory heating

For all companies, it's now a major operating cost. And it's here that Colt have a role to play.

A Colt Wastemaster System can

needs is a few more like him.

reduce a company's heating costs dramatically. In many cases by as much as half.

Not just because our warm air heating is more efficient and needs less upkeep than other systems, but because we take the care to design a scheme that minimises heat wastage.

We make a detailed survey of a factory, then study how air circulates within it.

We look at doors, cracks and vents

through which heat can escape, the type of plant operated, the number of people employed.

In all we consider more than 20 factors that could affect heat loss and gain.

Add to this the fact that a Colt Wastemaster System works out at half the cost of a boiler system to install

(and half of that is recoverable through tax allowances), and you see why more than 520 companies

have installed Colt warm air heating in the last year.

If you'd like a free survey, without obligation, contact Colt at the address below.

As Mr. Benn has said, "Management has the key role. We must not expect too much of energy managers if they lack the support, and are seen to lack the support, of top management."

Are you sure he wasn't referring to your boardroom?

Colt International Ltd. (Health and Safety at Work), Havant, Hants, PO9 2LY Telephone: Havant (0705) 451111 Telex 86219/86338.

Kraftwerk Union to build generator plant in U.S.

BY MAX WILKINSON

KRAFTWERK UNION, the largest plant manufacturing subsidiary of Siemens of West Germany, is to go ahead this year with plans to build a \$120m generator plant in Florida.

obtained a number of orders in the U.S. but Siemens has realised that it would be impossible to maintain a steady flow of business without a factory in America.

British Steel chairman to stay

BY ROY HODSON

SIR CHARLES VILLIERS, aged 68, chairman of the British Steel Corporation, has had his three-year appointment extended by a further year until September 1980.

Nationalised industry chiefs to be given 25% pay rises

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

SALARY INCREASES of up to more than £6,000 a year are to be paid in April to chairmen of nationalised industries and to other top public servants.

The rises stem from the Boyle Review Body's report on top salaries published last June which recommended rises of up to £20,000 a year for some nationalised industry chairmen.

Italian surplus in 1978 now expected

BY RUPERT CORNWELL IN ROME

ITALY IS within reach of achieving a trade surplus for the first time since 1975, the first time the country would have managed the feat in a full year since 1942.

by ISTAT, the Statistics Institute, imports grew by only 8.7 per cent in the first 11 months of 1978 to £40,597bn, while exports rose by almost 16 per cent in value terms to £40,787bn.

Mexicans raise price of crude oil

By Hugh O'Shaughnessy

PETROLEOS MEXICANOS (PEMEX), the Mexican state oil concern, is raising the export price of its crudes delivered to Gulf of Mexico ports from \$13.60 to \$14.10 per barrel for the first quarter of 1979.



SIR CHARLES VILLIERS: Reappointed in battle 'til.

with the Whitehall advisers and members of the Government about the right future strategy to adopt for British Steel—the third largest steel company in the Western world.

No old steel plant closures expected before election

BY JOHN LLOYD

THE British Steel Corporation believes that it will be unable to proceed with any big closures of its old plant before a general election, although it sees 5,000 jobs disappearing in the coming year through comparatively small layoffs.

Architects' workload likely to decrease

By John Brennan, Property Correspondent

ARCHITECTS face another thin year in 1979, says the quarterly workload review published today by the Royal Institution of British Architects.

World Economic Indicators

Table with columns for Country, Exports, Imports, Balance, and various dates (Nov. 77, Oct. 78, Sept. 78, Nov. 77, Oct. 77, Sept. 77, Aug. 77, July 77, June 77, May 77, April 77, March 77, Feb. 77, Jan. 77). Rows include France, Germany, Japan, U.S., Holland, Belgium.

Study foresees continued growth in Iran

Financial Times Reporter

A NEW and comprehensive study of Iran, published this week forecasts that the country will continue to develop strongly in the 1980s and remain a major export market.

Treasury estimate challenged

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE TREASURY'S estimate of likely public sector borrowing in the financial year starting in April receives a further challenge this morning in a new circular from stockbrokers Wood Mackenzie and Co.

Deja vu in Cabinet papers

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

REMARKABLE PARALLELS between the wages policy of the present Government and the policy against public-sector wage increases to give a lead to private industry.

New Year hope in Geneva

THE GATT TALKS BY BRIJ KHINDARIA

THE MARATHON Tokyo Round world trade negotiations have finally entered the last straight mile and could be signed and sealed by the end of this year.

Round that dealt mainly with industrial tariff cuts. None of this has been fully settled, and even last month's joint EEC-U.S. statement admitted that substantive work remains to be done concerning regulation of farm trade and the size of industrial tariff cuts.

Workers have bigger say on pensions

By Eric Short

THE MAJORITY of employees in company pension schemes participate in the management of the schemes, and the proportion is rising.

Russians begin Berlin blockade

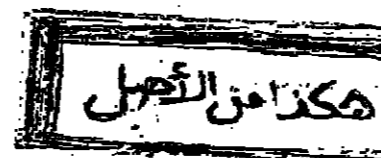
BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

He suggested that eventually the Government would probably have to pursue a more active policy against public-sector wage increases to give a lead to private industry.

Financial loss on groundnut plan

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

The minutes show the continued Government optimism over the massive scheme to plant groundnuts in East Africa, in spite of many setbacks.



LABOUR

TUC plans review of inter-union membership disputes

BY AIN PIKE, LABOUR CORRESPONDENT

THE TUC is to make arrangements for a review of its Bridlington procedures, which are designed to resolve inter-union membership disputes.

Last year's congress instructed the TUC general council to review the working of the procedures and report back to the next congress in September. A decision on how the investigation should be conducted and evidence collected is likely to be made this month.

Affiliated unions have a mixture of motives for seeking a review of the long-established Bridlington arrangements. The National Graphical Association, for instance, which proposed the review at congress, is concerned that Bridlington recommendations take insufficient account of the effects of technological change on union organisation.

Another union, the Engineers and Managers' Association, is disturbed at TUC disputes committee decisions which it has lost in its efforts to represent senior staff in the engineering industry.

The association started legal action against the Advisory, Conciliation and Arbitration Service and the TUC arising out of its efforts to recruit engineers and managers at GEC Reactor Equipment's plant at Whetstone, near Leicester. It is not yet certain whether the action against the TUC will be heard before the next congress.

A Court of Appeal decision in another important recognition case is expected shortly. ACAS is appealing against a High Court decision that it misdirected itself in law when it failed to recommend recognition for the non-TUC affiliated UK Association of Professional Engineers at APE-Allen, a Bedford engineering company.

There is growing feeling among some trade union leaders and elsewhere that the recognition provisions of the Employment Protection Act have not worked satisfactorily, and that amendment will be required whatever changes the TUC decides to make in its Bridlington rules.

Tory trade unionists' influence 'has spread'

BY OUR LABOUR CORRESPONDENT

THE Conservative Trade Unionists' organisation has increased its influence within the party and the union movement in the past year, Mr. Fred Hardman, national chairman, said yesterday.

The significance of the organisation's influence in the Conservative Party, he said, was that it had been able to "counter the opinion which has sought to put at the feet of trades unions the blame for all our economic ills and to condemn outright trade unionism."

Mr. Hardman said that the biggest hurdle to overcome was the "kamikaze squad" of some elements in trade union leadership.

It was all too easy for the anti-trade unionist to give examples of union leadership that was at best blind to its members' real interests, and at worst, had pursued an undemocratic, vindictive campaign against fellow workers and often fellow trade unionists.

Such activities were an "obscene and blatant abuse of power" given to union leaders by the Labour Government. Demands for repressive action against unions could be under-

stood, but Mr. Hardman's organisation persuaded the Conservative Party to recognise basic truths.

"Perhaps the most important is that most trade unionists, members and officials, are not involved in and would not countenance the extreme behaviour of the left wing, who are responsible for most of the worst examples of trade union intolerance and irresponsibility."

"It is on the responsible element in trades unions that the CTU can help to build a democratic trade union movement, and we shall continue to urge this as the better way than all-out anti-union measures."

Mr. Hardman said that it was becoming accepted that the close association between the TUC and the Labour Party was to the detriment of the workers' interests.

That was evident in the success of his organisation's campaign to persuade people to contract out of the political levy. The organisation was attempting to secure publication of contracting-out forms in union journals, although it did not expect "instant success."

Keep up inflation fight plea to Government

BY OUR INDUSTRIAL STAFF

POLITICIANS will be urged this year by the Engineering Employers' Federation to have the courage to initiate policies which have a real chance of success in curbing inflation.

As for the federation members themselves, "a major item is to improve industrial relations in our industry through a better use of the national procedure agreement."

The present position is that the procedure operates at best erratically, and both unions and management should seek to ensure its strict observance as it is wholly in the interests of both parties to reduce disputes.

Good management and good industrial relations were the foundations for a successful industry, which would then attract the necessary talent—people likely to be involved in success, not failure. "It is our responsibility, as employers, to see that we succeed," said Sir Geoffrey.

British Airways to hold 'human relations' review

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS' top management is planning to hold a two-day conference soon with senior trades union and staff representatives "to review the whole human and industrial relations field in British Airways, and look for ways towards solutions."

The meeting will not be directly concerned with immediate issues, such as pay, but with correcting what the management believes to be the more deeply underlying problems which have led to so many disputes last year and could threaten the airline further this year.

Mr. Ross Stainton, chief executive, said recently that while the airline carried about 5m passengers last year or 2m, 5m passengers in 1977, "numerous dock-ports continue to plague us."

To many of them directly affect our customers. Too many of them are brought about by industrial action that ignores the whole machinery of consultation. A British Airways in reckless pursuit of a short-term aim, the loss of them have only the effect of making our customers miserable.

continuous move to extricate the industry from the distortions of the pay policy. And there must be no more new legislation until the industry has digested that of the last few years.

As for the federation members themselves, "a major item is to improve industrial relations in our industry through a better use of the national procedure agreement."

The present position is that the procedure operates at best erratically, and both unions and management should seek to ensure its strict observance as it is wholly in the interests of both parties to reduce disputes.

Good management and good industrial relations were the foundations for a successful industry, which would then attract the necessary talent—people likely to be involved in success, not failure. "It is our responsibility, as employers, to see that we succeed," said Sir Geoffrey.

These include the recent strike of catering workers which cut services aboard the line's aircraft, and the "dirty aircraft" dispute which also hit services when cabin crews walked out.

The airline's management discussed these matters before Christmas with the executive of the British Airways Trades Union Council, which comprises staff representatives, including shop stewards and some full-time union officials.

The 14.5 per cent rise in oil prices this year, recently agreed by OPEC is likely to cost British Airways an extra £10m in fuel bills in 1979-80, says the airline's staff newspaper, British Airways News. The airline's fuel bill in 1977-78 amounted to £24m.

Mr. Stainton said: "We agreed that we would arrange urgently a two-day conference between the council and the management to review the whole human and industrial relations field in British Airways, and look for ways towards solutions."

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FT Monthly Survey of Business Opinion

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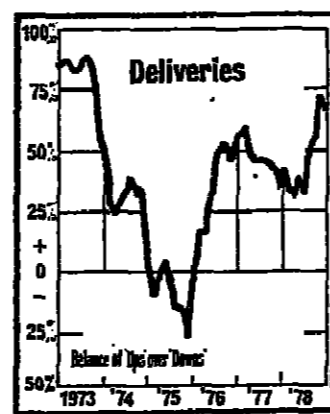
GENERAL OUTLOOK

Confidence falls further

THE DECLINE in confidence about prospects for the UK economy continued in December after the deterioration of the previous month. The main reasons given for the further fall centered on fears of labour difficulties over pay and the lack of a firm Government policy on wages.

Additional reasons were that public spending had not been reduced, expectations of a further recession and of an improvement in the dollar's exchange rate in relation to sterling.

Of the three sectors surveyed in December, companies in non-electrical engineering tended to be least optimistic about the general business position. In the brewing and distilling sector



Deliveries (Index of 'top seven' firms)

This was attributed to increased advertising expenditure and good pre-Christmas sales of gift and card items.

On balance there was little net change in the index covering export prospects, although there was a tendency for the paper and connected industry sector to take a more optimistic view than when previously surveyed in August. This was offset by a fall in optimism amongst brewers and distillers.

The falling dollar was often mentioned as a factor affecting exports and political problems in countries such as Ghana, Nigeria and Iran were cited by companies dealing with these areas. There was also a certain number of complaints about competition and price-cutting.

ORDERS AND OUTPUT

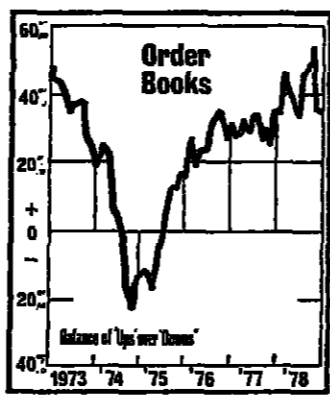
Deliveries slip back

THE INDICES for both new orders and recent deliveries declined in December after remaining more or less unchanged in the previous month.

There was a particularly sharp drop in the number of companies reporting an increase in orders over the past four months.

In engineering, building orders were said to be starting to fall, and orders from the motor industry had been affected both by the Ford strike and the subsequent slow rate of recovery.

However, there was virtually



Order Books (Index of 'top seven' firms)

engineering section and, to a lesser extent, brewing and distilling, had been offset by better figures for the paper and connected industry group.

The fall in the recent deliveries index was more moderate, with a key factor being slow pick-up in the motor industry after the Ford strike.

Both the engineering, and brewing and distilling sectors expected their turnovers to increase by less than when previously surveyed, pushing the median expected increase down slightly from 6.2 to 6 per cent.

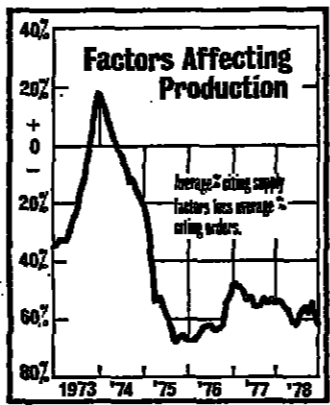
CAPACITY AND STOCKS

Demand remains constraint

THERE WAS a further slight fall in the number of companies who said they were working below planned output levels last month. The previous month's finding of a greater tendency for companies to say their level of stocks was too high rather than about right in relation to their sales was also repeated.

Demand remained the main constraint on output rather than supply factors, and the index moved further in this direction in December.

In both the engineering and paper and connected industry



Factors Affecting Production (Index of 'top seven' firms)

of export orders as a factor affecting production. On the other side of the equation both the sectors complained of component and raw material problems to a greater extent than when last surveyed.

There was little change in expectations for stocks of raw materials and manufactured goods over the next 12 months. However, there was a slight decline in expectations that work in progress would increase, mainly caused by sentiment in the engineering and paper and connected industry sectors.

CAPACITY WORKING

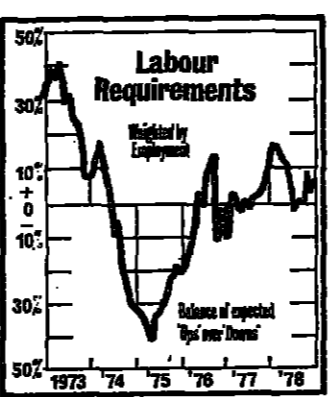
Table showing capacity working statistics for 4 monthly moving total and December 1978, including categories like Above target capacity, Planned output, and Below target capacity.

INVESTMENT AND LABOUR

Recovery in jobs

THE INDEX covering labour requirements almost recovered the ground lost last month, with both the engineering and the paper sectors more inclined to say they expected their workforces to increase over the next 12 months. In numerical, though not in weighted terms, the engineering sector also tended to take this view.

There was an increase in the extent to which companies said employment levels were determined by labour supply factors,



Labour Requirements (Index of 'top seven' firms)

rather than by a shortage of demand for their products.

Both the brewing and distilling and paper sectors were less inclined to say they would increase their capital expenditure levels over the next 12 months than they had been when previously surveyed. As a result the indices for capital investment continued the decline that began two months ago.

Liquidity levels in industry remained generally satisfactory.

COSTS AND PROFIT MARGINS

Inflation index steady

THE ABANDONMENT of pay sanctions is likely to increase wage rates only slightly, according to companies which were

cent over the next year. A similar pattern was evident in expectations over wages.

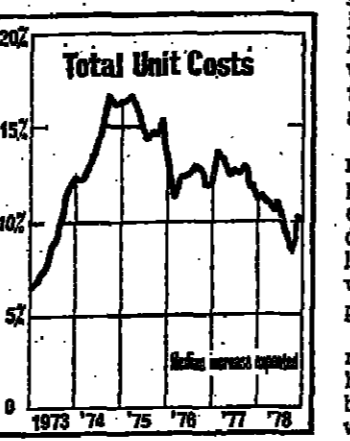
The engineering and paper sectors expected smaller increases in prices than they had when last surveyed, but this was offset by a more inflationary view from the brewers and distillers.

There was a slight upward movement in the index for profit margins, based mainly on expectations in the brewing and distilling and paper sectors. The lifting of Government sanctions was not thought likely to affect profitability.

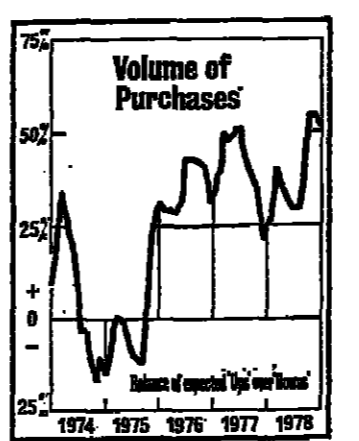
These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based upon extensive interviews with top executives.

Three sectors and some 30 companies are covered in turn every month. They are drawn from a sample based upon the FT-Actuaries' Index, which accounts for about 60 per cent of all public companies.

The all-industry figures are four-monthly moving totals covering some 120 companies in 11 industrial sectors



Total Unit Costs (Index of 'top seven' firms)



Volume of Purchases (Index of 'top seven' firms)

GENERAL BUSINESS SITUATION

Table showing general business situation statistics for 4 monthly moving total and December 1978, including categories like More optimistic, Neutral, and Less optimistic.

EXPORT PROSPECTS (Weighted by exports)

Table showing export prospects statistics for 4 monthly moving total and December 1978, including categories like Higher, Same, Lower, and Don't know.

NEW ORDERS

Table showing new orders statistics for 4 monthly moving total and December 1978, including categories like Up, Same, Down, and No answer.

PRODUCTION/SALES TURNOVER

Table showing production/sales turnover statistics for 4 monthly moving total and December 1978, including categories like Rise over 20%, Rise 15-19%, Rise 10-14%, Rise 5-9%, About the same, and No comment.

STOCKS

Table showing stocks statistics for 4 monthly moving total and December 1978, including categories like Increase, Stay about the same, and Decrease.

FACTORS CURRENTLY AFFECTING PRODUCTION

Table showing factors currently affecting production statistics for 4 monthly moving total and December 1978, including categories like Home orders, Export orders, Executive staff, Skilled factory staff, Manual Labour, Components, Raw materials, Production capacity (plant), Finance, Others, Labour disputes, and No answer/no factor.

LABOUR REQUIREMENTS (Weighted by employment)

Table showing labour requirements statistics for 4 monthly moving total and December 1978, including categories like Increase, Stay about the same, and Decrease.

CAPITAL INVESTMENT (Weighted by expenditure)

Table showing capital investment statistics for 4 monthly moving total and December 1978, including categories like Increase in volume, Increase in value but not in volume, Stay about the same, Decrease, and No comment.

COSTS

Table showing costs statistics for 4 monthly moving total and December 1978, including categories like Wages rise by, Unit cost rise by, and No answer.

PROFIT MARGINS

Table showing profit margins statistics for 4 monthly moving total and December 1978, including categories like Improve, Remain the same, Contract, and No comment.

Building and Civil Engineering

£10m project in Perth

A NEW world headquarters for the General Accident Fire and Life Assurance Corporation is to be built at Perth in Scotland. Planning permission has been given by Perth and Kinross District Council for construction on a 47-acre site at Pitheavlis on the south-western outskirts of Perth. General Accident says it has allocated £10m for the project.

Tenders are to be invited from contractors in the second half of 1979 and it is expected that work will start early in 1980 with completion about three years later. The four-storey building is to include a training college and will provide 24,000 square metres of floor space to accommodate up to 1,135 staff. It will have extensive exterior glazing and there will also be a considerable amount of exposed aggregate ribbed concrete on the exterior. A car park accommodating about 500 vehicles will also be provided.

It is understood that General Accident will later also build a planning application to build a residential hostel on the same site for its trainees and there are also plans for the provision of sports facilities. The architect is James Parr and Partners of Broughty Ferry, Dundee.

CRENDON
CONCRETE FRAMEWORKS

The right way
to build

FACTORIES OFFICES & WAREHOUSES

CRENDON CONCRETE CO. LTD
Long Crandon Bucks.
Tel. 204841.

Scottish contracts for Norwest Holst

NORWEST HOLST has won a series of six contracts totalling just under £3m for various projects in Scotland.

Largest is for the Scottish Development Agency and specifies the segregation and refurbishment of the existing factory and office block forming Block 9 of Larkhall Industrial Estate. This operation will require the removal of the central section of the factory to allow for a new access road, which will split the factory into two blocks and six factory units.

The value of this award is £750,000.

Second largest contract, worth £700,000, is also from the Scottish Development Agency and is for the erection of a factory for glassware manufacture on the Inverallmond Industrial Estate, Perth. Facilities will be provided for retail operations and the production and storage of glassware. This will cover 1,467 square metres.

For £558,290, the company will apply internal finishes to the concourse platform chamber

and a fire exit for the Partick station on the Glasgow underground, to the specifications of the Greater Glasgow Passenger Transport Executive.

Consulting engineers on this job are Sir William Halcyon and architects William Holford and Associates.

For Peterhead Harbour Trust, a £402,232 award covers the provision of a 2,000 square metre extension to the fish market at North Harbour, Peterhead. Offices on two levels are specified and the contract includes construction of 400

square metres of quay wall. Wallace, Stone and Arcubos of Glasgow are consulting engineers.

On the M90 in Fife, a contract worth £357,378 has been let for the construction of a 3.2 metre wide hard shoulder over 6.5 kilometres with drainage and safety fencing.

Grampian Regional Council has let a £216,000 contract for 620 linear metres of 406mm steel outfall sewer at Crimond to terminate 220 metres beyond mean low water spring tide mark.

Controlling stocks of timber

OF ALL the suppliers to the building industry, the timber trade has the worst stock control problems, primarily because the material is bought by the cubic metre, but in all kinds of lengths and thicknesses. Thus it is almost impossible manually to keep track of all stocks in a timber yard.

In conditions of soaring timber prices, that element of wastage can mean all the difference between a profit and a loss for the merchant.

CMG Midden-Nederland one of CMG Computer Management Group's Dutch affiliates, has solved the problem once and for all with a terminal-based stock control system which is capable of showing stock levels on a display unit at a touch of a button, and will also produce invoices and despatch notes.

Named HOUT, the package was developed for use on one of NCR's small 8300 computers, in co-operation with NCR Nederland, but it can run on any NCR machine. It is written in Cobol 74.

Varying sizes and amounts of timber in stock are shown on the terminal display as each order is entered, permitting instant decisions and keeping wastage to a minimum.

Significantly, if there are any alterations either in supply or requirements between order and

delivery, the system will automatically adjust the order form.

Once this form has gone to the yard and the timber has been cut to requirements, the package produces the invoices, taking into account the current price and the various mark-ups and discounts allowed by the particular dealer.

Updated stock lists, financial balances worked out for each customer and production of buying schedules as well as registration of contracts are other important automatic by-products of the package.

Further information from CMG (UK), Smiley House, Bedford Park, Croydon, Surrey CR0 2AP. 01 681 7631.

Traversing the face of the building

ABLE TO carry a two-metre, two-man cradle to a height of 76 metres, the Power-Pack cradle system provides power hoisting with manual traversing, but can be provided with power traversing and manual slewing if required.

The cradle is raised and lowered by a control unit carried in it which commands the electrical hoisting equipment. All the control circuits in the cradle operate at 50 volts or less and the trolley cannot be inadvertently traversed while the cradle is operating on the face of the building.

Manual traversing is by means of an endless line which is linked to the front-wheel drive of the trolley. Electrical traversing is provided by adding a motor and gearbox unit with a control station at the job head.

Retraction from the building face takes place through the action of an endless line linked to a suspension boom drive mechanism which, in association with a spring-loaded line, operates a locking device.

Cradle Runways (OCS Group), 4, Eyles Street, Dartford, Kent. Dartford 21414.

IN BRIEF

- Agent Plant Hire says it plans to spend around £2m on new plant and extending its regional depot network during the next 12 months. Part of the new cash injection will be spent in the Leeds and Nottingham depots of a subsidiary Swinburn Plant.
- C and R Construction of Bradford, West Yorkshire, has won a £180,000 contract to supply 42 accommodation units to the Galadari Foundation of Dubai, on the Gulf. The units will be used to house employees of a foodstuff distribution centre now nearing completion.
- Butters Cranes of Glasgow is to supply two electric derrick cranes to John Laing Construction next spring at a cost of £308,000.

Factories planned in Luton

ON A 3.4 acre site in Camford Way, Luton, which is in the area of the Sutton Park Industrial Estate, Hunting Gate Developments of Hithohin is planning a two-stage factory project, expected to cost £1m in all.

In the first stage, a 35,000 square foot factory and office complex is to be set up for corrugated case manufacturer Brown and Day whose facilities will occupy a 2½ acre site.

£2.9m Tesco store

A £2.9m contract, to build a Tesco superstore and multi-storey car park at Colchester, Essex, has been awarded by Tesco to John Mowlem.

Situated in St John Street, on the fringe of the shopping centre, the store will have a gross floor area of about 70,000 sq ft and a sales area of about 45,000 sq ft.

Designed by Leicester architects Gordon White and Hen, the building will include selling areas on the ground floor while a mezzanine floor will provide ancillary accommodation and stores. There will also be three levels of car parking above, providing more than 700 parking spaces.

Construction will be of reinforced concrete frame with part brick, part clay tile, cladding. Work has just started and completion is due in autumn 1980.

Lifting gear safety

EYEBOLTS used with slings, and for anchoring safety lines, can be dangerous if they are screwed into incompatible tapped holes, says a guidance note published by the Health and Safety Executive. The note warns that mismatching can result in a loss of strength of up to 50 per cent, and recommends that eyebolts and tapped holes be clearly marked with diameter and form of thread.

Eyebolts and tapped holes now in use have one of five possible thread forms: BSF, BSF, UNC, UNF and ISO metric. New equipment is increasingly provided with ISO metric tapped holes but plant with imperial thread forms will remain in use for many years to come, greatly increasing the possibility of mismatching. The note suggests methods for marking.

ing eyebolts and tapped holes which can prevent this possibility.

At present only the Construction (Lifting Operation) Regulations and the Shipbuilding and Ship Repairing Regulations include eyebolts in their definitions of lifting gear, which set requirements for their construction, strength testing and periodic examination. However the note advises eyebolt users to comply with these requirements until comprehensive regulations for lifting gear are introduced.

Appendices to the note show photographs of eyebolts and tapped holes damaged by mismatching and give tables of the many mismatching possibilities.

"Eyebolts" (Guidance Note PM16), HMSO at 30p plus postage.

Fastening the roof

FIXING tools from Hilti (Gt. Britain) are being used to fasten down the metal decking of the new engine plant being constructed for Ford Motor Company at Bridgend, East Glamorgan, South Wales.

The fixing is being carried out by R. M. Douglas Roofing of Swansea and involves fastening about 110,000 square metres of metal decking to L-section steel girders. This is the largest roof currently under construction in the UK.

Hilti cartridge tool equipment being used is the DX650 which is designed specifically to meet requirements of roofing contractors for extensive and continuous nailing of metal sheeting to steel angles. It has a cartridge magazine containing 10 Hilti safety cartridges to allow safe and effective fastening at a rate of up to eight fixings per minute.

DX650 uses the explosive force of a cartridge to drive the roofing nail through the decking sheet into the steel purlin by means of a guided piston. The use of this captive piston virtually eliminates the danger of ricochets and rebounds. In addition, the firing mechanism is made in such a way that even when the tool is loaded and the trigger operated, the firing pin will not strike the cartridge unless the tool is pressed firmly against the base material. There is also a safety device to prevent a loaded tool from firing if dropped by accident.

Hilti House, Chester Road, Manchester, M16 0UW. 061-572 5019.

Internal sealing of gas mains

CONSIDERABLE experience has been gained by Scottish Gas in internally sealing gas mains with its preventative maintenance programme. They have used a sealing fluid which is sprayed along the mains while they are still charged with gas, using long lengths of flexible hose.

This application is extremely demanding on the hose. Due to the high pressure of the applied sealant—2,500 psi—very sharp turns, abrasions involved, and the work was proving expensive in replacement hose.

Polypenco Nylaflex high pressure hose has been used with very satisfactory results. This product is made using a bonded construction. The liner is chemically bonded to the braid, and the braid bonded to the cover. This construction resists kinking or collapsing when tightly bent, and ensures that the hose has the total strength of its three layers at all times.

It is also highly flexible, easy to handle and resists fatigue. The hose is inserted through a 1 in bore standpipe, which is

fitted into the live main, sealed at the top to prevent the gas escaping. The hose is passed down the standpipe, turns into the main through a tight 90° turn, and travels up the pipe by reaction to the spraying pressure. After reaching the limit the spray pressure is taken off, the hose hauled back, and sent down the gas main in the other direction. Distances of up to 200 metres—that is up to 100 metres in either direction—are being treated typically from one point.

Polypenco is at Welwyn Garden (07073) 2122L.

Growing Finnish exports

OVERSEAS operations by Finnish contractors for the year 1978 are believed to have expanded by 50 per cent over 1977 to reach a record total value of £218m, according to the country's Associated General Contractors group.

Forecast is that the advance will continue during the current year to a new high of £243m, peaking at about £256m in 1980.

The largest market for these activities in 1978 was the Middle Eastern group of countries where Finnish contractors earned £102m and this was followed by work in the Soviet Union near the border with the two countries to a total of £90m. In third place was work in

various African countries valued at £19m.

Broken down by types of project the shares are 40 per cent residential property, 22.5 per cent civil engineering, 22.5 per cent public and commercial buildings and 15 per cent industrial buildings.

The group points out that for 1978, operations outside the country represented some 3 per cent of the total domestic investment in new buildings, a figure comparable with operations in France and West Germany and a particularly high one. For 1980, it is expected that the share will rise to as much as 10 per cent of domestic investment.

At the end of September 1978, the total value of contracts in hand in various overseas countries was £770m.

and a fire exit for the Partick station on the Glasgow underground, to the specifications of the Greater Glasgow Passenger Transport Executive.

Aids design of plant

SIA has released the HTFS heat transfer computer programs for its Cyberpower CDC computer service.

Under a recently signed agreement with the Heat Transfer and Fluid Flow Service, (HTFS) the full range of programs has been installed on SIA's system, and is now available to all sponsors of the HTFS project.

HTFS is a major information source and centre of research and expertise in heat transfer and fluid flow, and its application to equipment design in the petrochemical,

chemical and process industries. Sponsored by leading companies in these industries, the Department of Industry and NEL, HTFS has developed an extensive range of practical and reliable software based on the best available techniques and research.

Programs run in batch mode at SIA and may be used from a remote batch terminal or in CRJE mode from a teletype compatible slow speed terminal. SIA, Ebury Gate, 23 Lower Belgrave Street, London SW1W 0NQ (01-730 4544).

Cladding system

AN INTEGRATED cladding system to be supplied by Ward Brothers of Sherburn, Malton, Yorks. is said to include all the components necessary for the external envelope of industrial and commercial buildings.

It is called Modulac and is made up from components with metal cladding profiles designed to fit together in modules of one metre.

The cladding is manufactured from cold-rolled steel sheet

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

METALWORKING

Trims the castings

PRODUCTIVITY increases of between 140 and 420 per cent in cleaning castings are anticipated by the Wilhelm Pieck steelworks at Magdeburg-Rothensee in the German Democratic Republic, following the successful commissioning of its new plasma-cleaning plant for cleaning castings.

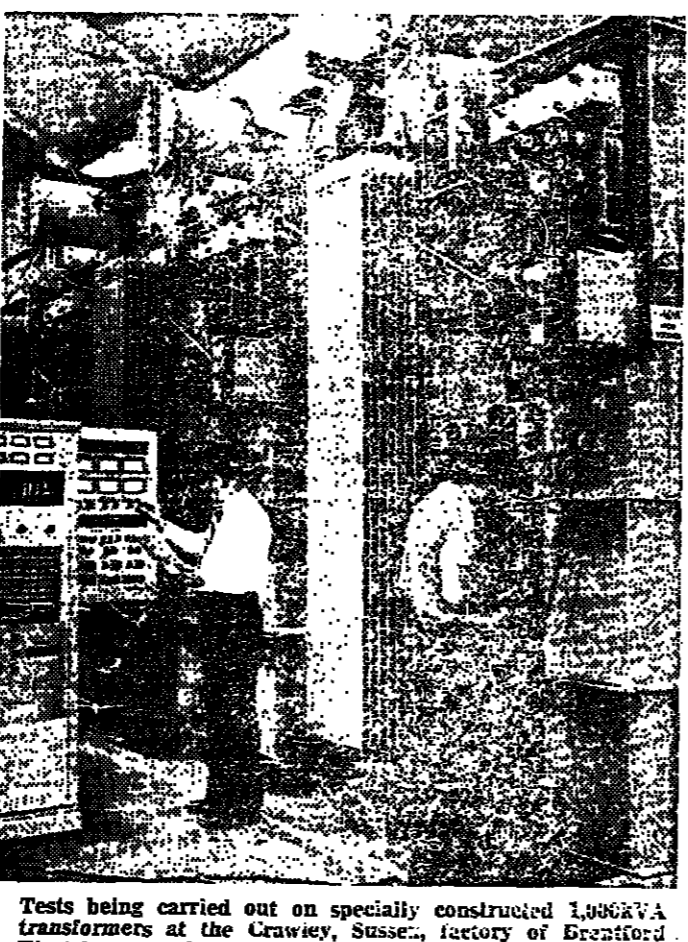
The new plant, which has been undergoing trials and testing on one-fifth of the Magdeburg steelworks' output of castings since December last year, officially went into full-scale industrial operation in November.

Both plasma-trimming plant and the process used were developed in the GDR. The plasma cutter comes from the Manfred von Ardenne Research Institute

in Dresden. It employs a highly ionised gas stream to produce flame temperatures of between 15,000 degrees C and 20,000 degrees C.

Overall, the plasma plant can clean-off the runners and risers from large quantities of castings in a completely automatic process. This not only ensures a massive increase in productivity but also replaces what has until now been arduous manual labour. The new plant has largely removed the former wide difference in the level of technical sophistication between the moulding and cleaning shops.

GDR Technical Information Service, Brent Cross House, 124 the Broadway, London, NW9 7BS.



Tests being carried out on specially constructed 1,966kVA transformers at the Crawley, Sussex, factory of Brentford Electric, a member of the Low and Bonar Group. Designed and reinforced to withstand certain seismic disturbances the equipment will go to a large research and testing laboratory in Mexico. The order is worth over £250,000.

MATERIALS

Aids suppression of noise

INDUSTRIES of many types are becoming increasingly concerned about their responsibility for noise level reduction, both inside and outside their premises since the coming into force of the Health and Safety at Work Act, and with the growing militancy of environmental bodies.

Hedemora, Swedish manufacturer of anti-noise equipment has decided to launch out into the UK market and is offering its ranges through a newly formed subsidiary of A. Johnson and Co. (London).

In the ranges are materials of very high sound absorbency and transmission loss which can be used for screening-off noisy machinery; sound insulating cabins in various sizes and provided with ventilation or air conditioning; wall and roof units for such things as noisy

extraction equipment; and complete sound-proof buildings for power plant and similar sources of noise.

The company is also offering silencers for blow-off steam, compressed air and exhaust gases and traffic noise screens to protect people dwelling near busy roads.

It operates from Villiers House, 41 Strand, London WC2N 5LE. 01-639 4321.

Meanwhile, the Federal German Railways have found a solution to the noise created when trains traverse steel bridges. It consists in laying a flexible polyurethane mat, capable of supporting extremely heavy loads, which is placed between the ballast and the steel structure itself.

This mat, developed by Elastogran (polyurethane group within BASF) prevents the

transmission of much of the sound into the bridge structure itself. The method is proving extremely effective in underground railway tunnels, the mat suppressing vibration set up by trains passing over it and cutting out much of the subterranean rumbling that can cause annoyance to tenants of buildings above.

Mat material is extremely resistant to the effects of water and to the weather and will reduce the mechanical stress peaks that occur in hard surfaces, thus prolonging the life of the ballast bed.

Elastogran (UK) is at Unit 60, St Mary's Mills, Evelyn Drive, Leicester, LE3 2BU. 0533 335339. The mats are being produced in Germany by Getzner Chemie, Hauptstrasse 18, A-6700, Bludenz-Buers.

Finishes with precision

MADE IN Munich by Spinner Werkzeugmaschinenfabrik and available in the UK from Horsman, a high-precision multi-configuration machine for turning and other metal removal tasks is particularly suitable for finishing parts such as lens mounts, watch cases, nozzles and similar items of diameter up to five inches.

The machine bed can accommodate one or two headstocks with one or two machine slides which can be cam-controlled cross slides, hydro-pneumatic plunge slides, hydraulic copying attachment or CNC slides. A tailstock can also be mounted giving 12 inches between

centres on all combinations. Slides move across the front of headstocks, giving operator access from the side or the front and there is also a double-termed headstock allowing slides to operate across both ends so that simultaneous machining of both extremities of one work-piece can be carried out in a single chucking.

Capacities are 1.25 inches through the spindle, clamping jaws to 4.33 inches, collets and expanding mandrel to 5.51 inches. Workpiece rpm is steplessly adjustable to 5,000.

Horsman Brothers (Machine Tools), Ditons Road, Polegate, Sussex BN26 8NE (03212 5145).

INSTRUMENTS

Pollution analysers

A NEW company, Horiba Instruments, has been formed in Britain to part-manufacture and assemble, as well as sell and service, the range of automotive and air pollution analysers, water quality monitors, process analysers, and laboratory equipment manufactured by Horiba, Kyoto, Japan, a multinational concern whose worldwide sales last year exceeded £80m.

One of the first UK milestones has been the supply of a computer-based automotive

emission analysis system to the Triumph Engineering Division of British Leyland at Coventry. Horiba automotive emission analysers have been supplied to Daimler-Benz in Germany and to Ford in the US.

Horiba Instruments is already assembling instruments and designing and manufacturing tailor-made systems at the Northampton works. Horiba Instruments, 5 Harrowden Road, Brackmills, Northampton NN4 0ES (0804 65171).

Coatings will cut corrosion

CORROSION in car bodies in transit, and in engineering equipment at sea, is a difficult problem area for which Cadulac Chemicals has an effective answer.

Combining the functions of a dehydrating agent and corrosion inhibitor, two liquids, "X2668" and "X3668" can be applied direct to wet surfaces. They contain no sulphur compounds or silicones.

Units in transit from manufacturer to distributor are commonly shielded by a protective wax. Application of the wax to the car body after it has been through "weather tests" can trap water in crevices, where corrosion is initiated. Cars can be stored for months in this condition. Removal of this wax at the distributor's premises is a relatively lengthy manual operation, using quite powerful solvents, which could aggravate

corrosion in areas already attacked.

Cadulac soft firm transit coating, X2668, will penetrate all areas, even micro-crevices a few millionths of an inch wide, and dehydrate them thoroughly. The soft film then provides protection for nine months or more. Removal of X2668 is effected by a simple mild detergent wash. A thixotropic version of X2668 is available to prevent wastage during application.

Sea-going machinery—particularly on North Sea oil rigs—is commonly protected by a thick soft wax which has a low capillary action—rather like gear oil. As well as trapping pockets of corrosion agents—like sea water—in crevices, it is difficult to remove for plant maintenance purposes. It takes both steam cleaning and a solvent to remove it.

Strong capillary action and effective dehydrating, plus protection for nine months or more, are the claims made for "X2668". This only needs a detergent solution or mild solvent to remove it.

These liquids are petroleum derivatives containing aliphatic hydrocarbons and animal waxes.

Under development are longer-term coating liquids combining waxes and mineral oils. One area of application is a replacement Cadulac coating for bitumen-based automotive undersealants. Many of the bitumen sealants contain asbestos fibre reinforcement which has been legislated against in the US, West Germany and Scandinavia.

Cadulac Chemicals, Old Boston Trading Estate, Haydock, St Helens, Lancs. Ashton-in-Makerfield 75311.

Reveals gas in the melt

IN non-ferrous foundry work a problem that frequently arises before pouring is knowing whether or not the melt is satisfactorily degassed. If it is not, untoward results will of course be obtained.

One method of finding out is to place a freshly poured sample into a low air-pressure environment and observe the surface formation as cooling occurs.

The test can be conveniently carried out with an equipment offered by Strathclyde Industrial Services which consists of a small pump and bell jar, crucible and tongs. The units have been designed to meet the exacting requirements of

foundry work, being robust, easily operated and needing the minimum of maintenance.

The sample in the crucible is left to solidify under partial vacuum; in a very gassy sample, the exposed surface will swell up and show fissures whereas a gas-free melt will produce a sample with a sunken surface rather like a cake that has failed to rise.

Quantitative data can be obtained by a subsequent density determination or the sample can be sectioned to show the porosity.

More from 255 Orbiston Street, Motherwell, Lanarkshire ML1 1QP (0498 53321).

WELDING

Removes the fumes

FIRST installation of its VAU Type S hinged arm extraction unit for welders is reported by Ventilation Jones of Princes Risborough.

The equipment is being used by Swifts of Scarborough, manufacturer of electrical cable trays. The company had previously tried a simple hinged arm overhead to support an extraction tube but because this had to be moved independently of the gun it tended to slow down the work.

New installation has on the gun extraction, both feed line and extraction hose being sup-

ported by the overhead hinged arm, the welding wire feed unit itself being mounted off the floor. Extraction however, is to the exterior of the building.

Installed cost is about two-thirds that of portable extraction, claims Ventilation Jones, and the addition to the heating costs due to heat loss in the extracted air only about one-tenth that of replacing filters in a portable unit. More from 13 Duke Street, Princes Risborough, Buckinghamshire HP17 0AT (0444 5874).

ELECTRONICS

Reproducing the right colour

PRECISE specifications for colour reproductions can be given by means of two electronic cathode ray tube (CRT) devices designed by the research department of Toppan Printing Company of Tokyo, Japan.

Electronic colour scanning today accounts for over a quarter of the industrialised world's colour reproductions, and by the early 1980s is confidently expected to handle about half the world reproduction market.

This Japanese equipment is now being marketed and serviced in Europe through the

Chromos Organisation of Zurich, Switzerland, specialists in precision equipment for the graphic arts industries. First units of the Toppan Image Conductors outside Japan have been installed in a major gravure quality printing plant in Switzerland. Other units have been sold to Scandinavia and the Netherlands.

The Toppan ST-525 Image Conductor is a CRT unit which accepts colour transparency or reflection copy and displays it on a screen. The operator adjusts colour balance and masking as well as desired colour corrections by means of

turn-button settings until the required colour reproduction simulation is achieved.

The set data is stored and can be fed directly into the electronic "digital" colour scanner or computer-stored to be called up by the scanner when required.

The colour scanner is available for continuous working as settings can be prepared outside the machine and do not take away valuable production time. Considerable scanner productivity increases are obtained.

Chromos AG, Luisestrasse 7, CH-5081, Zurich, Switzerland.

LOVELL

for
construction
01-9951313

COMPUTING

Keeping a
tight hold
on spares

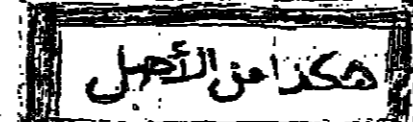
ORIGINALLY designed to make stock control, customer credit and sales prospecting functions more efficient within BMW motor car dealerships, an extensively developed computer package is to be launched for application within dealers of all automotive equipment from January 1.

T.K.M. Business Systems, part of T.K.M. Group, has been formed to market the system—named Disc—to all types of automotive businesses distributing products ranging from commercial vehicles to motor cars, as well as construction, motor cycle and agricultural equipment dealers, where it believed that up to a 60 per cent saving can be gained, particularly in spares and stock control departments which still rely on manual methods. It will also be marketed for other applications where similar stock control problems exist, such as for the pharmaceutical and grocery industries.

Available on a rental-only basis, with the inherent advantage that it can be continually updated by T.K.M. Business Systems without cost to the customer—the system comes with associated hardware exclusively from the company and for outright purchase. This comprises a processor with two double-density drives, a visual display unit, and a 60 character per second printer.

T.K.M. says that while efficient in the showroom, many motor-dealers are shocked when they realise the invisible losses hitting them behind the counter. The company claims that there is an inherent 15 per cent rate using manual stock control systems—still the principal method employed in the motor industry.

T.K.M. is at 361 Chiswick High Road, London W4 4HS. 01 994 3597.



New York City Opera

Street Scene by ANDREW PORTER

Kurt Weill's "Broadway opera" Street Scene was first done on Broadway in 1947...



Alan Kays and Catherine Malfitano in "Street Scene."

The setting is outside a New York tenement, 1929 in the play, 1947 in the opera but in the new production shifted back to the period of the play and rightly...

Through a series of numbers in widely contrasted genres—14 of them in the first act—a tragedy takes shape...

him of the City Opera. But in a surprise announcement, we learned last month that Rudel has resigned as director from the end of the forthcoming spring season...

During his 22-year tenure at the City Opera, Rudel has built up an astonishing repertory, including 15 world premieres...

I've occasionally had my scrumbles about the level of City Opera execution: consistent, highly polished is incompatible with an enormous repertory...

"There's no business like show business." This old theatrical adage might well be applied these days to art exhibitions...

Will it or will it not hit the jackpot? Seemingly, it has everything going for it, although if I had to put my finger on the missing ingredient X it would be that all the shows up until now designed to attract mass hysteria have drawn on a preformed myth or cult within the structure of the average British psyche...

What the public wants—the mould of a petrified guard dog from the "Pompeii exhibition and Colombian gold in martial form at the 'El Drago' exhibition."

It would also seem to have those magic ingredients essential to public success: those visually illiterate from the neck up: death, sex and jewels. There's masses of the former. Burial urns by the cartload and, as you leave, a pretty good line-up of mummies, "smoke-dried" but framed, sheep-like, exhibition-going. It is the world of the "Oh" and the "Ah," of the queue, of the "special" evening of the coach party up from the country, of the glossy catalogue left on the coffee table or by the bedside in the guest room just to make the point...

So compulsive are these myths that one can truthfully say that in extreme instances the fact that the exhibits are real or modern re-creations absolutely ceases to have a relevance. So powerful is the cult of Henry VIII and his wives, for example, that thousands queued outside the V and A for weeks in order to look at the not particularly well-researched, designed or re-created Tudor costumes made for the TV series.

After Robert Bolt's A Man For All Seasons no one could go wrong with Sir Thomas More at the National Portrait Gallery which also happened to be a good exhibition. A few years earlier the mysterious fate of the Princes in the Tower, Olivier's Richard III, and Josephine Tey's Daughter of Time made the Richard III exhibition at the same institution a cert. And the success of all those recent exhibitions of Victorian history painting at the Royal Academy and Manchester depended entirely on the images of childhood, of Cassell's Illustrated History of England and that old classic, Our Island's Story.

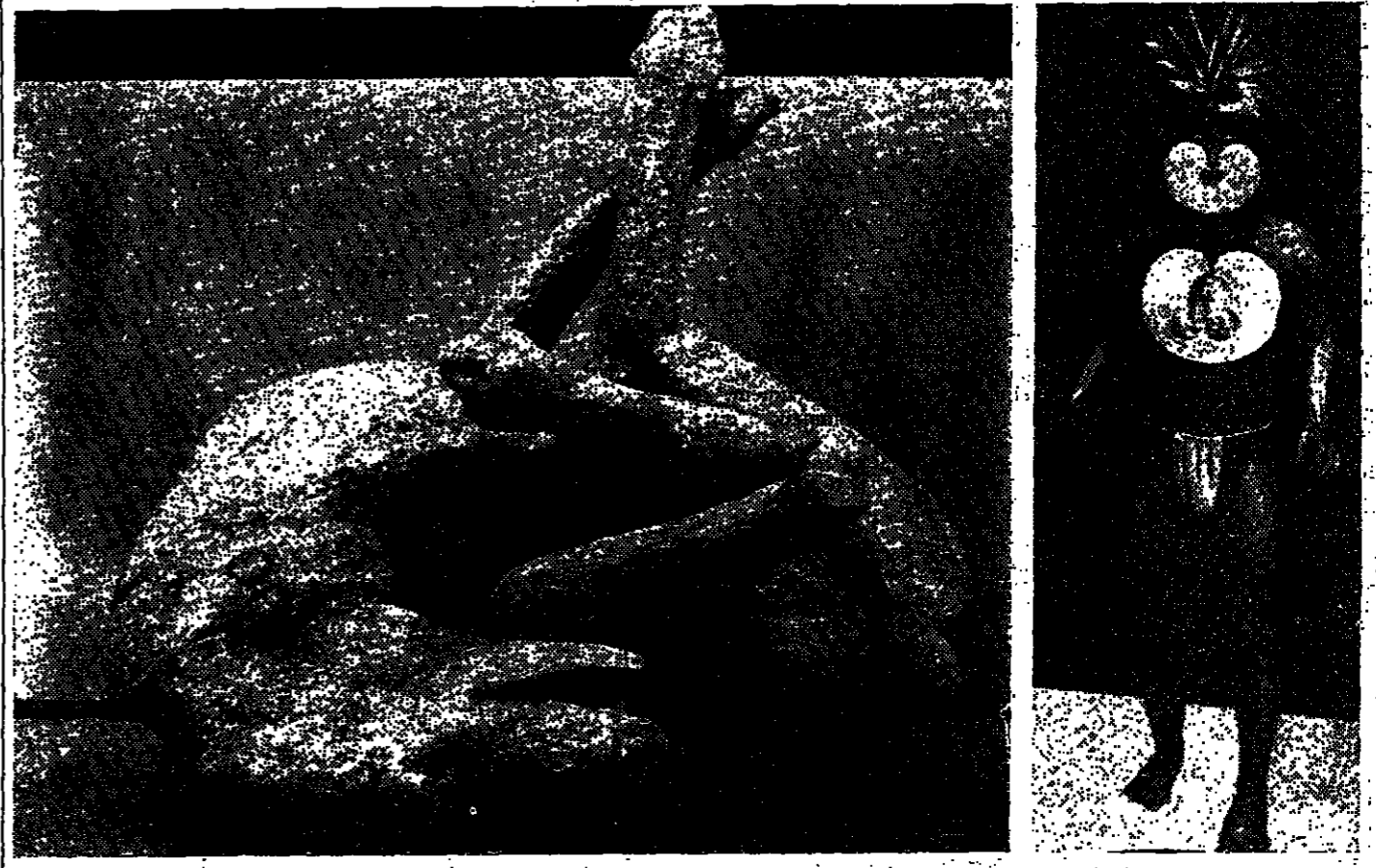
The range of subjects which can tap this well spring is probably pretty small. It is interesting to note, however, that any spectacular that ignores it is almost without exception a disaster. Heading this list must come 1776, at the National Maritime Museum, Greenwich, arguably the best researched and designed of these sponsored shows, but American history has little place in popular education, particularly as it is a story of our defeat. Those who misinterpret the balance of the ingredients can also go awry. Gold and silver alone, alas, are not sufficient as the British Museum found to its cost in its highly publicised The Wealth of the Roman World. Bearing all this in mind for those in art-show businesses the exhibition that would without doubt be the success story of 1979 would be the Duchess of Windsor's jewels.

Tutankhamun was of the same type although the exhibits in this case were of the highest quality. It also drew on one of the great British myths, part of the fabric of one's earliest childhood memories, the legendary opening of the tomb by Howard Carter and Lord Carnarvon, the thrilling photographs as they penetrated the chamber after chamber and most chilling of all, the aftermath in the form of the curse of the mummy's tomb.

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Wigmore Hall

Pears & Perahia by NICHOLAS KENYON

With Schubert year being blown away in a gale of snow, Winterreise would have been the most appropriate choice for Peter Pears' recital with Murray Perahia on Saturday evening...

artist at work on these piano parts! An accompanist, moreover, not content with an approximate response to his singer, but aiming at (and almost always achieving) a knife-edge precision of movement.

wrench the heart: here it was not Mondnacht (Pears cannot quite float this line, nor push home the E sharp), nor Frühlingssnacht (Pears is slightly off in his meditative, considered playing), but Wehmut—a slow tread of quavers drawn along with iron resolve yet infinite sadness by both performers, the essence of musical phrasing and understated emotion.

twilight of Muttertraum. The extraordinarily dour inventions of Op 90 were projected with the utmost drama. Perhaps by the final Rondo for the poet, Lenau one felt a little sated by emotion: Eric Sams finds this song sleek and false. An extreme view, but when in an obscure Pears turned finally to Schubert, the clarity and openness of the music was a revelation—it sounded as if the dusty cobwebs of Schumann's tortured visions had been blown away like the ending of the year.

Pears and Perahia have grown ever closer together as musicians since their meeting at Aldeburgh: now their identity of purpose and intent is deeply moving. That Pears with his uniquely vibrant, ever-searching voice can penetrate the heart of a young man's exultant love is remarkable enough; that Perahia, with his quite different style of cool, clean-edged romanticism, can match this mood at the piano makes the partnership richly productive.

Gulbenkian UK Music Fellows 1979

The Calouste Gulbenkian Foundation has announced the recipients of its 1979 Music Fellowships: Marie Angel (soprano); Alicja Flederkiwicz (piano); Peter Jeffes (tenor); and Neil Mackie (tenor).

since 1967 with a short break between 1971 and 1975. In the ten years that fellowships have been awarded 38 young musicians have benefited, some of them now established as leading soloists. The scheme is now being suspended while the foundation explores alternative schemes of assistance to musicians.

Ballet for All

The Royal Opera House has announced that Ballet for All in its present form, under the aegis of the Opera House, will cease to operate on March 31. There are, however, plans for it to continue under new direction and an announcement will be made as soon as possible.

Abse as president

The poet Dannie Abse has agreed to become president of The Poetry Society, in succession to Ian MacLiammaid who died last year.

Young Vic

Canterbury Tales by B. A. YOUNG

Phil Woods has dramatised five of Chaucer's immortal anecdotes, using partly an updated version of the original verse and partly some light-weight material of his own, or perhaps of the director Michael Bogdanov, since he gets a half-credit for the adaptation. There is little mention of a pilgrimage: instead, we are said to be at the 60th anniversary of the Geoffrey Chaucer Storytelling Competition. Four of the five tales (the Knight's, the Reeve's, the Cook's, the Wife of Bath's) are the finalists. The Miller's is an extra put in to please the Miller, who has been hanging about all the evening, telling

dirty jokes. The scene is enchanting. A wide tent covers the back stage (too seldom used these days); beneath it mince-pies and muller wine are sold between the acts. Good wine needs no bush, but bushes like little Cyprus-trees decorate the stage. All the costumes hang up at the sides, the props lie ready to hand on two little tables. Paul Bannister is the designer. The main action takes place on a ten-foot square in the middle of the open stage. Chaucer's tales are followed pretty closely, though a bit reduced in size. I am a push-over for Chaucer; he is the first per-

son I want to meet in Heaven after Schubert has moved on to someone more important. But I'm afraid I hated this evening almost as soon as it began, suspending my hatred only for the short Cook's Tale, which is done as a pretty contrapuntal song for the whole company, to music by Andrew Branch and/or Chris Barnes.

Intrusion of bad snuffy stories, told by Micky O'Donoghue as the Miller as if he were in a northern working-men's club, and 'emphasising in his chat that the dirtier they were, the funnier we should find them. If the Young Vic, once my favourite London theatre, is to be turned into a working men's club, well and good. But I certainly can't recommend Canterbury Tales as a Christmas entertainment for the family. They may snigger happily at the smut as many of them did when I was there, but they will come away with the idea that Chaucer was someone very different from the man he was.

SPORT

FOOTBALL BY TREVOR BAILEY

Brooking lifts West Ham hopes

THE 2-0 defeat by a much-improved Orient on Boxing Day came as an unexpected setback to West Ham's hopes of returning to the First Division after only one season in the tough wilderness of the Second, where half the clubs still have promotion dreams.

drive they lack without this pair. Although not completely fit after injury, Brooking destroyed the opposition with his dribbling, positional acumen and perfectly executed passes. He floated through the game and passed defenders, dwarfing everyone else on the field to an extent rarely seen in professional football.

This was reflected by a gate of nearly 30,000 on Boxing Day, the highest in the Second Division and bigger than most in the First. In spite of the biting cold, another splendid crowd turned up to cheer on Saturday. They went home contented with the handsome victory, the way it was obtained and with more than a reasonable hope that if their team continues in this fashion promotion is a distinct possibility.

Division since those golden days in the mid-60s has been disappointing. It is difficult to understand why. One of the many good features about West Ham teams in the league, the combination of the eastern counties is that when a player is moved up into another side, he may take time to adjust to the greater tempo but slots naturally into the basic tactics because he has been brought up on them.

TENNIS BY JOHN BARRETT

Connors is top of world tennis ladder

INTERNATIONAL TENNIS has become a perpetual roundabout where even the years overlap. As 1978 intrudes upon 1979 with the latter being the Australian championships in Melbourne, the new season kicks off tomorrow with the exciting Brazil Airways World Doubles Championship at Olympia.

It is, therefore, time once again to reflect upon the performances of the principal actors in this never-ending drama, and my annual world rankings, based upon performances last year are (last year's in brackets): Men: Jimmy Connors (U.S.) (3); Bjorn Borg (Sweden) (1); Vitas Gerulaitis (U.S.) (5); John McEnroe (U.S.) (4); Raul Ramirez (Mexico) (9); Eddie Dibbs (U.S.) (10); Brian Gottfried (U.S.) (4); Corrado Barazzutti (Italy) (4); Guillermo Vilas (Argentina) (2); Harold Solomon (U.S.) (1).

What fantastic year young Borg has had—in spite of some niggling injuries. There were six tournaments won plus the 16-man Shalkey's Tournament of Champions—a difficult one to place, this. He added a third French and a second Italian title to his list of trophies, but his greatest moment came in the Wimbledon final where he destroyed Connors and produced what was for me the greatest tennis of the year.

Miss Evert, who started the season late, had a 3-2 edge over Ms Navratilova who had ruled the early season in her absence. Miss Evert won seven of the 10 tournaments she contested including a record fourth consecutive U.S. Open. She revented her Wimbledon final loss against Miss Navratilova with a decisive victory in the Colgate Series play-off. She lost only one other match, to Mrs. Cawley in her comeback tournament, and defaulted once with injury at Brighton.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3BY

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Tuesday January 2 1979

Europe has a hiccough

THE FOUR power meeting between Britain, France, West Germany and the U.S. in Guadalupe at the end of this week turns out to be more than ever well-timed. Originally it was planned to talk about strategy and world politics rather than economics. Yet even there, events over the past few months have gone somewhat awry. Certainly they have proved less than foreseeable.

Postponement

President Carter's seeming triumph at the Camp David summit on the Middle East has run into difficulties. The situation in Iran has deteriorated faster, and more chaotically, than most people would have predicted, while the outcome remains as uncertain as ever. There is still no agreement on a second strategic arms limitation treaty between the U.S. and the Soviet Union, even though SALT I expired more than a year ago and the draft outlines of a successor were agreed in Vladivostok as long ago as 1974. At the same time, end U.S. has reached a new understanding with China, which again was not generally predicted when the Guadalupe meeting was being arranged, and which could further complicate Soviet-American relations.

Yet all those issues are less important than they might sound. There is no reason to believe that the breakdown in the Camp David dialogue has yet become irreparable, nor has it ever been clear that the cohesion of the western alliance depends on the maintenance in power of the Shah of Iran. Equally, the U.S. and the alliance as a whole could survive very well without SALT II. The greater fear indeed must be not that there will be no new treaty, but that President Carter will concede too much.

East-West relations without a second treaty could be relatively tolerable. We would simply rely on the balance of power rather than on the kind of sometimes unverifiable regulations that come with an official agreement. There could be worse recipes for the future than that.

The real problem arises as always, however, from disagreements within the western alliance itself. It is in that sense

that the postponement of the European Monetary System, which should have gone into effect today, is a disappointment. It had seemed until last week not only that the final arrangements were about to be made, but that the establishment of the system on time was some kind of political act. It was, as it were, Europe—or a large part of the European Community—assuming its responsibilities. Nothing was more indicative of that than the close relationship between President Giscard d'Estaing of France and Chancellor Schmidt of West Germany, as well as the way that the weaker economies of Italy and Ireland in the end joined in.

The reasons for the postponement—and one trusts that it is no more than that—are not yet clear. Ostensibly the French are objecting to the management of the "green" currencies which compensate farmers for the fact that the Community has not yet achieved a common currency of its own. As an objection, it seems a bit thin in itself. It could, after all, have been thought of before, and there are already established channels through which such matters can be dealt with. Yet even if one takes the French objections at face value, the hiccough produced is comment enough on the state of the Community. If Europe cannot go ahead with a major political act because of the defects of its agricultural policy, there is something seriously wrong with the state of communications.

Silence

It is, of course, possible, that EMS has been deferred for other reasons, and it is certainly true that it is better to postpone the first night than to go off at halfcock. The possible renewed weakness of the dollar is one example of the reasons why the French and German leaders should again wish to talk to President Carter before setting off into the unknown. If that is so, they have the opportunity in Guadalupe. After next weekend, however, the markets at least will want to know what is going on at the summit level. In the past few weeks it had seemed that there was a certain amount of determination in Paris and Bonn. Now there is only silence.

It could be October

IT HAS become a cliché that the one real certainty in British political life this year is that there will be a general election by November. It is, however, by no means a short time in politics—it is about one-fifth of the lifespan of a full-term Parliament—and the Government, despite its minority position, still has a certain amount of room for manoeuvre.

Reassessment

The first key event on the political calendar is the referendum on the proposed Scottish and Welsh Assemblies on March 1. It seems unlikely now that anything will happen to prevent those referendums being held on schedule. That means that the Government does not have to think seriously about the timing of a general election until March at the earliest. But it also means that once the results of the referendums are known, there will have to be a political reassessment. For example, if the Scottish result alone goes in favour of an Assembly, the Government could offer the Scottish Nationalists a deal under which there would be early Assembly elections in return for the Government being kept in power for a few more months. The Nationalists, of course, would have to look closely at their own position, but the arithmetic is such that an arrangement between the Labour Party and the SNP would be enough to keep the Government in office.

As it happens, the month of March should be an appropriate time for reassessment, quite independently of the referendums. By then, the Government will know more about the progress of its pay policy, to which Mr. Callaghan, the Prime Minister, continues to attach such importance. It will have to be beginning to think of Phase V, or whatever the 1979-80 pay round is to be called, as well as of the Spring Budget. Even the outstanding by-elections might have taken place, giving perhaps a better indication of the political mood of the country than the opinion polls.

By March there might also have been developments on the external front of sufficient mag-

nitude to shake any remaining Government confidence. Rhodesia is an obvious example. So, too, is a United Nations call for economic sanctions against South Africa if the present negotiations on the future of a further decline of the dollar, accelerated perhaps by events in Iran. It is not as if the Government can afford to confine itself to domestic problems.

None of that should be taken to mean, however, any more than that when it comes to March the Government will be compelled to look again at its own position. Nothing, after all, can bring it down except a defeat on a confidence motion in the House of Commons. As the last few years have shown, even a series of reverses on the Finance Bill do not constitute a matter for resignation. The Government merely accepts the amendments.

It is also worth noting that a Prime Minister who chose not to go to the country last October when he had perhaps an even chance of winning is unlikely to go in April if the chances look no better. It is Mr. Callaghan's instinct to hang on, and certainly that seems to be his present mood.

Reform

For Conservatives there may be something distasteful in the Government's clinging to office when its powers have become so limited, though one suspects that the objections are largely spurious. There is nothing unconstitutional in minority government, and Mr. Callaghan is simply exploiting the British system. For others it is precisely the limits imposed on government power which make Mr. Callaghan's administration seem at least a lesser evil. Yet it would be a mistake to believe that the present situation of minority government will reproduce itself when the election comes. Such an outcome indeed is statistically improbable. Those who like limited government ought therefore to be thinking about constitutional reform. Those who do not ought to be concentrating on what a government with a clear majority—whether Labour or Tory—would do. About that there are still very many questions to be asked.



The European Council in Brussels: unanimity on EMS and a transfer of resources

Europe on the threshold of a big step forward

By HELMUT SCHMIDT, Chancellor of the Federal Republic of Germany

I AM glad to address myself today directly to readers of the Financial Times. For one thing, this newspaper with its long tradition and worldwide readership for the first time is being printed in Frankfurt as well as London. I am happy about this because the Financial Times will provide our country with even more foreign economic news and analysis and, at the same time, it will supply more news about our own country and Continental Europe to its readers worldwide.

Secondly, my personal message to mark the start of the Financial Times from Frankfurt gives me the chance to discuss an outstanding political factor which will soon be with us, as soon as existing reservations have been lifted: the entry into force of the European Monetary System (EMS) adopted by the European Council in Brussels on December 5, 1978.

First of all, quite irrespective of how many countries can participate immediately, I consider it a major success for Europe that the nine members of the European Community have managed to arrive at a unanimous decision in the council on the EMS. They also agreed on a Community scheme for an increased transfer of resources to the less prosperous member states, which will be available to those fully joining the monetary system.

I do not deny that the success we have achieved at the end of intensive efforts is a qualified one because not all nine member countries wish to join the EMS at once. But it remains open to all those who adopted it by joint decision. Neither do I deny that further joint efforts by the Nine are needed to remove the reservations of our French friends concerning the financing of agriculture.

I am convinced that in the interests of Europe, the full participation of all members in the EMS must not take as long as did the accession of the UK, Ireland and Denmark to the European Community. The elements of degeneration in the Common Market apparent since



Helmut Schmidt

the collapse of the Bretton Woods system have, for me, been a very strong political motive for establishment of the EMS. They would continue to affect at least part of the European Community if the full participation of all member countries were not achieved in the foreseeable future. In the long run this could endanger Europe's political cohesion as well.

The common market of the European Community members requires two crucial elements in particular to build the confidence needed for entrepreneurial decisions. They are more stable exchange rates between the member states, and economic policies aimed at achieving monetary stability. Since 1973—the final collapse of the Bretton Woods system—these elements have been greatly eroded. The result is that trade within the Community has been expanding more slowly than in the rest of the world. Before 1973 the opposite was true. It would be an illusion to believe that we could simply return to the Bretton Woods system. Experience has shown that there is no way back. But we hope that in establishing the EMS we shall set a course which takes account of the many elements of interaction and interdependence within the European Community.

In the European Council on December 5, 1978, we expressed our determination to ensure the lasting success of the EMS by policies conducive to greater stability at home and abroad for both deficit and surplus countries. Thus we split out in terms of Community policy what was acknowledged at the 1977 London economic summit—that "inflation does not reduce unemployment, on the contrary it is one of its major causes."

In the unanimous view of the Council, the EMS not only will need national economic policies to be aimed at achieving greater stability at home and abroad. It will also help participating Governments in their efforts to reach that goal. True, this means that the EMS will limit the scope for action of

establishment of the EMS with its instruments and monetary solidarity will not affect at all the European Community's continued commitment to free world trade and to the principle of open markets. There is not a single element in the EMS to justify the suspicion that the European Community is seeking to isolate itself in trade and monetary policy. On the contrary, we have a chance to ensure within this zone of greater monetary stability a smooth development of prices, costs, exchange rates, investment, employment and markets so that far less pressure for protectionism will build up. We cannot expect to feel these benefits right away in 1979. But without the EMS there would be much more cause for concern about the continued existence of the Common Market and its outward-looking policy.

Many concerns, especially the big ones, have been able to cope with monetary disturbance both inside and outside Europe in a manner which, in the early 1970s, would not have been thought possible. But the Common Market is in no way a single element in the EMS to justify the suspicion that the European Community is seeking to isolate itself in trade and monetary policy. On the contrary, we have a chance to ensure within this zone of greater monetary stability a smooth development of prices, costs, exchange rates, investment, employment and markets so that far less pressure for protectionism will build up. We cannot expect to feel these benefits right away in 1979. But without the EMS there would be much more cause for concern about the continued existence of the Common Market and its outward-looking policy.

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MEN AND MATTERS

Dreaming of an undisaster

While the rest of the world was seeing out 1978, John Goodman, a London printer, was busy himself with planning the celebrations for the year 2000. This activity has in fact occupied him for the last 15 years.

As founder of WACY 2000—the World Association for Celebrating Year 2000—Goodman has had some success in persuading 200 towns, mostly in the U.S. and Australia, that the new millennium will be worth seeing in style. So far only 17 municipalities in more cautious Britain agree with him: "This country does not rush headlong into things," he says resignedly.

Before new postal rates for printed matter made his activities prohibitively expensive, he wrote to mayors of thousands of towns all over the world—suggesting, *inter alia*, a seven-mile-square complex of artificial islands somewhere in the Atlantic on which the celebrations could be based: "I've been told you can inject gas into concrete to make it nice and light," he tells me.

Trade fairs figure high among Goodman's programmes for ushering in 2000 AD. "The thought at the back of it is that we have had so many terrible assessments of what may lie ahead, that mankind has got to the point where it has got to think of the undisasters. Celebrating 2000 would be an enormous pleasurable undisaster."

Some at least of the participants—such as the mayor of Wagga Wagga, who is president of the celebrations in Australia—are no doubt still ready and willing. But it is just as well that 2000 is still some way off. Goodman says he has not been able to keep in contact with everyone, and some changes in organisation may be necessary. The mayor of Valparaiso in Chile, for example, was presi-



"I think it's got a frog in its throat."

Angular art

Counter-balanced gantry cranes—those gaunt giants that hover over building sites—may just symbolise functional efficiency to most of us. But to Japanese artist Nozumu Ishiyama they are pure poetry; cherry blossoms are not for him. That is why Ishiyama spent his New Year's Day on a sub-zero open platform at Kensington High Street, painting in watercolours a crane rearing up from an adjacent building site.

"Very beautiful against the sky today," Ishiyama assured me, holding a paintbrush in his mitted hand. It was all art to him, including the message on the crane's orange arm: Trollope and Coils. I learnt that he had started to paint the crane from another vantage

point, but the blizzard had swung it around. So London Transport gave him the freedom of the eastbound platform for the day.

While putative passengers, awaiting the Circle Line, stamped their frozen feet around him, Ishiyama worked delicately. Only one problem slowed up his work: the water in which he rinsed his brush kept icing over.

Borrowed bonnet

As the exodus from Iran gains pace, the diplomats who remain keep up their facade of calm and normalcy. But the experience of a Western ambassador while on an urgent journey by car in Tehran sums up their difficulties.

He reached a cross-roads just as a truckload of troops leapt into action against anti-Shah rioters in a side street. The car was stopped and a trooper used the bonnet to steady his aim while firing into the crowd. Just as the car was being allowed to go on, the soldier fired another volley into the air—perhaps as a gesture of thanks," says the ambassador.

Measured words

The French Government's campaign against drunken driving has evoked a splendidly public-spirited response from Fernod-Ricard. Official-looking posters supplied by the company are appearing in roadside cafes all around the country. Entitled "Don't Fail the Breath Test," these say that a driver may confidently down an aniseed aperitif, half a bottle of vintage wine, and an after-dinner liqueur for the road—then still pass with flying colours of the right kind.

Only the small print admits that such consumption figures are "guidelines," and that there may be a 25 per cent variation, according to the individual: that would be enough to place some not-so-average drinkers in

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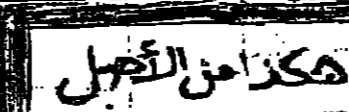
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Why the FT is printing in Europe

THIS IS an historic issue of the Financial Times. Last night, as the printing presses rolled in the FT's head office at Bracken House in the City of London, another set of presses were producing a separate newspaper in Frankfurt, West Germany.

If you are a reader in London, today's newspaper will look the same as the one you received last week. But if you are a reader in many parts of Western Europe or in the United States, today's issue is different. You are reading the first issue of the paper to be printed on the presses of Frankfurt Societaets-Druckerei.

What are the differences? The most important is that snow and ice permitting—the Frankfurt paper will have reached its readers much earlier. In major business centres in Germany, Belgium, Holland and Switzerland, the FT should today have been on newstands before people set out for work. In New York, the paper will be on sale at 9.30 this morning local time.

Over the next three months, the distribution of the Frankfurt-produced paper will gradually be extended to other major markets, including France, Canada and Spain. In the U.S., several major business centres, including Los Angeles and Chicago, will be selling the FT ahead of the close of business on the day of publication.

Causes of delay

All this is made possible by publication in Frankfurt. The Financial Times is using modern technology to create the English Channel. Until today, all copies of the paper sold anywhere in the world were printed in London. They were subject to multiple causes of delay, the most important of which were

the high incidence of fog in both Britain and the Continent of Europe, and ever-widening night flying restrictions.

For the bulk of our European readers, the FT is now being delivered by road instead of by air. Business centres within 400 miles of Frankfurt will receive the FT at the time our readers have said they most want it—that is, at the beginning of the working day.

Our delivery system to the United States will in future usually be handled by a Luftansa 747 jet that takes off from Frankfurt at 4.00 am and reaches New York's Kennedy Airport at 6.35 am local time. Until now, the earliest that our New York readers could buy the FT was 4.00 pm in the afternoon. As often as not, they had to wait until the following day. From today, we join New York City's select band of morning newspapers.

The story of the Financial Times European project begins exactly 18 months ago. On July 1, 1977, a small group from different departments of the newspaper sat down for the first meeting of "The European Project Group." The terms of reference were to look at the European market, and to assess whether the FT should attack it.

Like all such feasibility studies, this one had its roots laid deep in the history of the Financial Times. For years, we as a company had been looking across the Channel asking ourselves whether we should not be building up our overseas circulation sales. And for years, we had decided that the time was not yet right. But in 1976 and 1977, the discussions became more and more serious. The business decision we were faced with is a very easy one

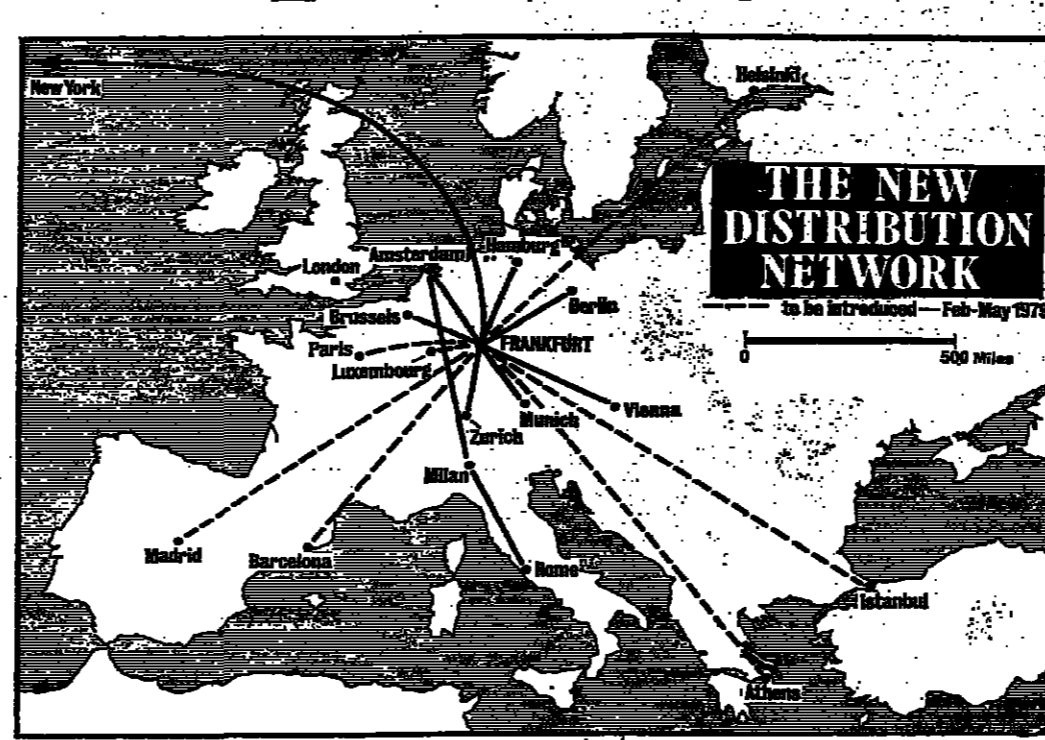
to describe. During the 1960s the FT established itself as Britain's financial and business daily newspaper. It was a period of rapid expansion. Sales were on a continually rising curve. The paper grew in both size and breadth of coverage. Today we have some 30 full-time overseas correspondents, plus a corps of over 80 "stringers"—non-staff journalists who work both for the FT and other newspapers. It is only 20 years ago that the FT—very tentatively and after much soul-searching—opened a New York editorial office.

During the Heath boom in the early 1970s, we reached our highest ever circulation level—just under 200,000 copies a day. Then came the OPEC oil price increase, rapid inflation, and world recession. Our circulation slipped, alongside most of the rest of the world's "quality" Press.

Market leader

By 1977, as the world economy began to recover, the FT faced two fairly clear alternative strategies. We could either stay where we were—market leaders in the UK, but tied for ever to the ups and downs of the British economy—or we could make a major investment to expand our circulation and revenue base overseas.

We chose the second course. Before The Times went off the streets, the FT's sale was something over 181,000, with a readership of approximately 625,000. About 14 per cent of that sale is abroad—loyal and influential band of readers who buy us in spite of all the obstacles that have until today been placed in their path. Our first job in the coming months will be rapidly and dramatically



to increase the number of copies sold and the readership of the paper in Europe and the U.S.

Three stages

But that is only the beginning of the exercise. Eighty per cent of this newspaper's revenue comes from advertising, and somewhere between a quarter and a third of that revenue comes from outside the United Kingdom. The overseas element in our advertising total has been rising steadily throughout the 1970s, as we have continued to penetrate overseas markets.

The investment in our Frankfurt newspaper is therefore a three stage process: first, start printing a paper in Europe that will reach our readers when they want it; secondly, expand circulation and readership in order to broaden the paper's commercial base; thirdly, attract new forms of advertising into the FT aimed at our new readership profile. The first two stages cost money. The pay-off comes in the third stage.

The process by which we shall be transmitting most of the paper to Frankfurt, though expensive, is well tried, and is already being used by news-

papers all over the world. It is called "full page facsimile." The page of this paper that you are now reading was composed and made up by the traditional hot metal process in London. A very high quality image of this page was then taken, using a machine called a "proofing press."

The "proof"—in effect an image of this page up to art photography standards—was then wrapped around the drum of a Muirhead facsimile machine. At the press of a button, the drum started to revolve at 3,000 revolutions a minute. As the page revolved,

a beam of light "read" it, and translated the image into signals which were sent down a 48 KHz line to Frankfurt. In Frankfurt, these signals were translated back into an undeveloped film. The whole process described in this paragraph took less than three minutes.

The film was then developed, made into a hard plastic plate, and fastened on to the rotary presses of our German printer. The London newspaper and an identical twin in Frankfurt, 400 miles away.

UK coverage

A final word to our readers in the United Kingdom. The Financial Times European project will in no way alter the features that appear in the London Financial Times which will appear in the Frankfurt Financial Times. Similarly, on any one day, most news stories covered in the London paper will be covered in the Frankfurt paper. But the content and feel of the paper will be different.

UK coverage is being dropped. A great majority of the pages of today's newspaper are common to both the London and Frankfurt papers. All advertisements appearing in London will also appear in Frankfurt. But those of you who are reading the Frankfurt paper today—or those who travel to Europe or America in the future—will find that the Financial Times looks and feels different.

To begin with, the Frankfurt FT is printed in sections. Both in Europe and America, newspaper readers are used to sectionalised daily papers, in the same way as British readers are used to a sectionalised Sunday Times and Observer.

Section One of the Frankfurt paper will consist of the front half of the London paper, including this page. Section Two will be what we in Bracken House call the "back half" dealing mainly with companies and markets. Section Three will be our special surveys of four pages or more. In our European paper, therefore, all major surveys will form a mini-newspaper of their own, which our readers can file or take home and read at their leisure.

Secondly, parts of the paper

are being specially edited for overseas readers. Normally, much of the data and regular features that appear in the London Financial Times will appear in the Frankfurt Financial Times. Similarly, on any one day, most news stories covered in the London paper will be covered in the Frankfurt paper. But the content and feel of the paper will be different.

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Forecasting charade

From Mr. M. Williams.

Sir—How refreshing to read the Lombard column of December 22 which, I feel, made some very telling points about the prediction industry.

In my view, Lombard is correct when he states that the whole business is "something of a charade," but unfortunately this unremitting flood of generally gloomy analyses and forecasts does have a debilitating effect on confidence in general. Such forecasts must be recognised for what they are—attempts to interpret various economic and commercial factors that have many variable aspects thereby making accurate assessment extremely difficult.

What can be done? I think the role of the Press could be significant here, not necessarily in keeping account of the forecasters' performances, but by putting such analyses in perspective and, in the first instance, this means reference to them in the city columns, if at all; in the headlines.

But the fundamental question one must ask is, are we sure that the time and effort of these gentlemen is well spent? Is it not more beneficial for the country if their efforts could be directed into more productive channels?

M. H. Williams.
49, Beechwood Close,
Little Chalfont, Bucks.

I am very interested to learn from Mr. Wolanski's letter that some measurement systems do show separate figures but I do not recall ever having seen any publication of the results which would be most interesting. It is possible, of course, that they do not relate to such a wide range and large total of assets as those forming the basis for the better known performance statistics in which the figures are not at present separated.

D. G. S. Cutler.
Lincombe,
9 Woodlands Road,
Surbiton, Surrey

Changing jobs

From Mr. R. Lancaster.

Sir—Your report (December 28) that job-changers "know pensions will be hit" permits the inference, which may also be drawn from similar reports elsewhere, that they *ipso facto* acquiesce in this.

At the risk of starting your New Year correspondence on a gloomy note, I would suggest that the comment is analogous to saying that people know they will die. One may not be terribly happy about it, but there are not many options open to one.

I think there can be little doubt that, if it were possible to ballot the national workforce

to ascertain pension preferences, there would be a heavy vote for an individual "value for money" approach rather than the present system whereby early leavers subsidise long-stayers' pension costs.

As a corollary, I am not sure that I agree even with the comment by the secretary-general of the Life Offices' Association in his letter the same day, that the pensions industry has simply reacted to employers' wishes. It is equally arguable that employers' decisions are primarily influenced by advice from pensions specialists, and that much of this advice reflects a time when a much lower rate of inflation made frozen pensions for job-changers less anomalous than now.

R. Lancaster.
243, Caledonian Road, N1.

Delays in the mail

From Mr. J. Newcombe.

Sir—It has been reported that the Post Office had to cope with much heavier postings in the pre-Christmas period than for several years. No doubt additional problems caused by adverse weather conditions added to the severe delays which caused so many problems to businesses.

In my organisation we re-

ceived second class mail post-marked back to December 11 on Saturday, December 23 and in the only delivery on December 27, second class items back to December 18. On December 28, we even received further second class items back to December 18. In addition we had first class envelopes which had been in the post a full week. December 18 was advertised as the last day for posting second class mail for guaranteed delivery before Christmas.

Many individuals probably post more envelopes in December than the rest of the year put together, and so surely the Post Office could devise a system for keeping some of this extra Christmas mail separate from regular mail.

It is expected that mail prices will rise in 1979 and this charge could surely incorporate a small reduction in price for minimum weight envelopes posted during November, by handing over a Post Office counter or in special boxes inside larger Post Offices. Delivery by Christmas would be guaranteed and this would spread the load for the Post Office and would keep normal mail moving without such severe delays as occurred.

J. H. Newcombe.
"Trellyhan",
16, Greythorn Drive,
West Bridgford, Notts.

The dreaded word money

From Mr. R. Wilkinson.

Sir—May I return Samuel Brittan's seasonal good wishes (December 21) and in return wish him a 1979 free from official and other double-think and newspaper.

May I also gently chide him for a most outrageous use of an otherwise splendid article, to introduce his own, probably unconscious double-think. "Who could have invented 'counter-inflation' as a title for policies which do not include money in any shape or form." There it is, you see, the dreaded word money. Only a monetarist could manage to plug his theory while apparently writing an intellectually non-committed article.

Incidentally, would Mr. Brittan agree that a prize example of the genre would be to advocate a once for all 5 per cent addition, for demand boosting purposes, to the money supply as being not an actual "increase" but merely an addition? If he does agree, refer him to an article he wrote some 12 months ago.

R. P. Wilkinson.
W. I. Carr, Sons and Co.
Ocean House,
10-12, Little Trinity Lane, EC4.

The strike weapon

From Mr. G. Brittain.

Sir—The letters from Mr. Imrie (December 19) and Miss Gough (December 28) set out very clearly the mental agonies over striking being experienced by a very large number of people of a humanist, middle-class upbringing today. Miss Gough's final sentence—"The quality of the service would be diminished further if all its members abandoned their principles because others have none," epitomises for me the moral dilemma of a very sizeable proportion of the population of this country.

I, for example, have a lot of

Pension fund statistics

From Mr. D. Cutler.

Sir—Mr. Wolanski's main contention on pension fund statistics (December 27) appears to be that I suggested that changes in capital value should be ignored. If he will read my letter more carefully he will realise that I have not in fact made any such suggestion. All that I asked is that the return from investment income should be shown separately and I am mainly influenced in this by the totally different nature of the two main constituents of the so-called rate of return.

Investment income is actually received in hard cash whereas the change in capital value is merely a paper fig except to the extent of any appreciation or depreciation during the year which is actually realised and which is unlikely to be relatively significant in the case of a large fund. Indeed, it is a fact that, as a whole, large and growing funds do not make substantial sector changes in their existing portfolios but tend, rather, to alter the emphasis in the direction in which new money is invested.

In the case of an average pension fund portfolio the composite rate of return would have fluctuated wildly during recent years: for example, a change from (say) minus 30 per cent in 1974 to plus 65 per cent in 1975 would have been quite typical. Figures of this kind by themselves are almost meaningless except possibly in the very long term. It is most desirable to have separate figures for investment income return, the trend of which over the years reflects the true significance of paper movements in capital value and the effect of the investment policy which has been followed.

South West Africa

From the Minister and Chargé d'Affaires, South African Embassy.

Sir—I am surprised at your lack of background (December 29) on what was at stake and happened at the South West Africa (Namb) elections. The very fact that British media, including your newspaper, were able to find little or no information of substance on negative developments during those elections, lends credence to the thought that the elections were well organised, free and fair and a lesson in democratic politics to many members of UN.

Had you obtained the views of some prominent overseas visitors to SWA/Namb at the time of the election, you would no doubt have learnt that the only real form of voter intimidation was efforts to persuade voters to stay away from the polls.

And what did these elections prove beyond any semblance of doubt? That the South West Africa People's Organisation is not the only authentic representative organisation of the peoples of the territory, as claimed by UN. Even SWAPO (Democrats) who broke away from Mr. Sam Nujoma's SWAPO Party, and others who did not participate in the elections, are vehemently opposed to SWAPO—they have all suffered at the hand of Mr. Nujoma and his Party. Did you realise that there are still some 1,800 SWAPO members in detention in Zambia?

And yet you say the elections proved nothing, notwithstanding the fact that over 90 per cent of the registered voters cast their ballots and returned representatives of five parties. Your newspaper on December 16 referred to the boycott of the elections by SWAPO and the Namibia National Front, but now you state that it was boycotted by virtually every other

party. If that was indeed the case then your readers can only conclude that the other parties are not very significant or representative of the people.

I also find it incongruous that you can boldly state that South Africa's "best efforts" is "a subterfuge for the fact that Pretoria is ultimately dictated terms to the Windhoek politicians." You are badly informed and grossly underestimate the intelligence and political sophistication of those leaders with whom the South African Government has been conducting negotiations.

You state that South Africa's "past conduct inevitably casts strong doubts on its motives." That is a slanderous statement. You have no doubt not attempted to examine SWAPO's record and motives which have been foremost in the minds of the South African Government in adopting a stance which demonstrates determination not to let SWA become yet another victim of anarchy and chaos.

SWA has made economic and political progress which can serve as an example to many of the countries on the African continent. It would therefore be naive to think that those people would be prepared to sacrifice that for the unknown future under a one-party SWAPO Marxist state.

That of course does not mean that they are not prepared to tackle the political problems of the territory in a democratic way. In that respect they will at all times enjoy the support and, if needed, the counsel of the South African Government. The five western members of the Security Council are also fully aware of South Africa's preparedness to co-operate in finding a democratic and peaceful solution for the problems of the territory.

David V. Louw.
Trafalgar Square, WC2.

Today's Events

GENERAL
Mr. Malcolm Fraser, Prime Minister of Australia, scheduled to travel to Washington, U.S., where he and his Foreign Minister, Mr. Andrew Peacock, will have talks with President Jimmy Carter and Mr. Cyrus Vance, U.S. Secretary of State.
National Union of Journalists calls 250 chapel fathers (union branch leaders) to a briefing session in London on the provincial newspaper pay strike.
Expiration of President Carter's powers to waive the imposition of countervailing

duties against textile imports into the U.S.
Termination of \$4.1bn standby credit to UK from International Monetary Fund.
Sir Kenneth Cork, Lord Mayor of London, attends annual meeting of Royal Society of St. George at Mansion House.
COMPANY RESULTS
Final dividend: Thos. W. Ward.
LUCKY MUSIC, London
Recital by John Mee (organ) and Mary Mee (soprano) at St. Michael Cornhill, at 1 pm.

Nippon Kangyo Kakumaru Securities Company, Tokyo is pleased to announce the incorporation of

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We offer our customers a wide range of services in the securities field, especially in Japanese securities, including the trading of stocks and bonds, the underwriting and selling of Eurobonds, the raising of funds on the Tokyo market and agent services.

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M.L. COMPANIES and FINANCE

CURRENCIES, MONEY and GOLD

1.4% on \$220m loan for Zaire put into abeyance

BY MICHAEL HOLMAN
KINSHASA — Negotiations for a \$220m loan to Zaire from a consortium of western banks...

SCM not entitled to damages, says judge

By David Laxelles
NEW YORK — In a surprising judgment with a possible implication for future antitrust legislation...

Record year for Adam Opel

BY GUY HAWTIN IN FRANKFURT
ADAM OPEL, West Germany's second largest car manufacturer, had had a record year for production and domestic demand.

Gold's \$60 rise

BY COLIN MILLHAM
Gold trading tended to fizzle out in the London bullion market as 1978 drew to a close.

GOLD

Table with columns: Dec. 29, Dec. 28. Rows: Gold Bullion (fine ounce), Gold Coins, Gold Bars, etc.

THE DOLLAR SPOT AND FORWARD

Table with columns: Dec. 29, Day's spread, Close, One month, % p.a., Three months, % p.a.

OTHER MARKETS

Table with columns: Dec. 29, £, Note Rates. Rows: Argentina, Australia, Belgium, etc.

CURRENCY RATES

Table with columns: DATE, Special European Driving Unit, Rights, Account. Rows: Sterling, Canadian dollar, etc.

THE POUND SPOT

Table with columns: Dec. 29, Bid, Day's Spread, Close. Rows: U.S. \$, Canadian \$, etc.

EXCHANGE CROSS RATES

Table with columns: Dec. 29, Pound Sterling, U.S. Dollar, etc. Rows: U.S. Dollar, Deutsche Mark, etc.

LONDON MONEY RATES

Table with columns: Dec. 29, Certificate on deposit, Interbank, etc. Rows: Overnight, 3 days notice, etc.

MONEY RATES

Table with columns: NEW YORK, Prime Rate, Fed Funds, etc. Rows: Prime Rate, Treasury Bills, etc.

State stake in Cockerill

BRUSSELS — The Belgian Banking Commission has recommended that the Government take a 28.9 per cent stake in the BF 7bn capital of Belgium's largest steel company, Cockerill SA.

Offer from Eastern

Eastern Airlines has formalised its \$50 a share offer for National Airlines, writes our financial staff. Eastern said that it had made progress towards financing the offer.

UK PENDING DIVIDENDS and ISSUES

Table with columns: Date, Announcement last year, Announcement this year. Rows: Alexander's, Allied Irish Banks, etc.

EQUITIES

Table with columns: Issue Price, Latest Price, High, Low, Stock. Rows: A&L, Anglo, Anglo-South African, etc.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Latest Price, High, Low, Stock. Rows: A&L, Anglo, Anglo-South African, etc.

"RIGHTS" OFFERS

Table with columns: Issue Price, Latest Price, High, Low, Stock. Rows: A&L, Anglo, Anglo-South African, etc.

BASE LENDING RATES

Table with columns: Bank Name, Rate. Rows: A.B.N. Bank, Allied Irish Banks, etc.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on December 29, 1978, in some cases rates are nominal.

Table with columns: Place and Local Unit, Value of £ Sterling. Rows: Afghanistan, Albania, Algeria, etc.

Public Works Loan Board rates

Table with columns: Years, Effective from December 16, Quota loans repaid, Non-quota loans repaid. Rows: Up to 5, Over 5, etc.

Mid-year rise for Ailsa Investments

Profit for Ailsa Investment Trust rose from £125,219 to £217,113 in the half year to November 30, 1978.

Confidence at Kwik Save

At the annual meeting of the Kwik Save Discount group Mr. F. D. Hill, chairman, underlined his quiet confidence for the future.

Thomas Cook Travellers Cheques. The accepted name for money Worldwide.

INTERNATIONAL CAPITAL MARKETS

Commodities and Markets

EUROBONDS

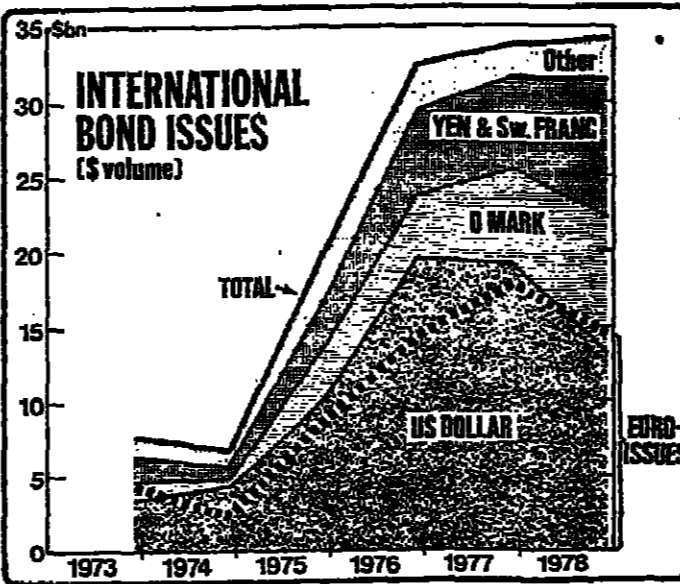
German banks gain from dollar's fall

IN THE international bond market, 1978 was the year of the D-Mark. The German currency accounted for 40 per cent of all Eurobond issues during the year...

NEW ISSUE VOLUME

Down by a sixth in 1978

THE U.S. dollar's share in the overall volume of new Eurobond issues in 1978 was cut to only 50 per cent, reflecting the year's currency and interest rate upheavals which regularly disrupted the international bond markets.



change of \$34.17bn compared with 1977's \$33.88bn. Dollar issues, comprising both Eurodollar bonds and the \$5.65bn of Yankee flotations, accounted for only 38 per cent

FOREIGN BONDS

Japanese bonds emerge and fade

SAMURAI yen bonds came under stiff competition from the government of Japan in the closing months of last year. The government's financing needs put a damper on an initially very active market.

At the same time, total new Eurobonds last year amounted to \$14.7bn equivalent, a fall of 17 per cent on 1977's \$17.7bn, according to Morgan Guaranty's World Financial Markets.

On a broader basis, total international bond issues in 1978, including Yankee bonds, Yen Samurai issues, and Swiss franc flotations, showed little

of total volume compared with 56 per cent in 1977. The Samurai sector showed a remarkable gain last year, with \$3.82bn equivalent of issues launched, to account for 11 per cent of total international volume.

Kredietbank SA Luxembourg, realise and Credit Lyonnais, also jointly releasing year-end statistics, calculate that Europe continues to rank as the major user of Eurobonds, taking 49.81 per cent of the total compared with 53.4 per cent in 1977.

DOLLAR STRAIGHTS

Gloomy start to the year

AS THE New Year opens, the biggest question facing operators in the straight dollar Eurobond market is how long it will be before new issue activity can be resumed on any scale.

Table with 3 columns: Bond Type, end-1977, end-1978. Rows include DM/\$, Yen/\$, 3-month Euro/\$ rate, Bondtrade yields, Medium term, Long term.

and May was sufficiently high to grace the bull market. It is significant that over half the dollar fixed interest Eurobond issues arranged in the whole of 1978 was concentrated in these three months.

As 1978 closed, the outlook was harsh. In the first place there is no sign that the dollar's problems are over. Second, there is every indication that U.S. interest rates still have some way to rise before they peak out.

In December, there were two issues, both long term, to test the market. But while the response to the first (for Norsk Hydro) was encouraging and the second issue (for the European Coal and Steel Community) dropped sharply in after-market trading.

Peru signs rescheduling pact

Peru, through Banco de la Nacion, has signed the formal agreement with a syndicate of more than 250 international banks to reschedule approximately \$800m in external debt

to commercial banks, according to Manuel Moreyra Loredó, executive chairman of the Banco Central de Reserva del Peru, AP-DJ reports from New York.

LEADING MANAGERS

Table with 3 columns: Bank, Amount of \$bn issues, No. issues. Lists banks like Deutsche Bank, Westdeutsche Landesbank, etc.

Record year for FRN

UNDER the impact of rising dollar interest rates, activity in the floating rate sector of the Eurobond market rose sharply in 1978. Although the peak for floating rate notes (FRNs) issuer activity came in July (over \$750m), the bulk of the straight dollar Eurobond market meant that FRNs accounted for virtually all the issuing activity in dollars in the last quarter of the year.

U.S. BONDS

Living with a weak dollar

LAST YEAR brought a few ups to brighten the picture, but generally U.S. bond prices took a broad downward path in 1978, ending the year with yields close to 10 per cent in some cases above yields set by the last interest rate cycle in 1974.

money higher still. (The corporate world remains distinctly more bullish about the future, in contrast with Wall Street.) Lenders, on the other hand, have been unwilling to commit funds to the long-term market until they are sure bond prices have hit bottom.

CONVERTIBLE BONDS

Japan and D-mark join forces

ALTHOUGH 1978 was in general a good year for the world's stock markets, the weakness of the dollar and of Wall Street meant that few international convertible issues were seen from the U.S., traditionally the largest issuer of such securities.

In the closing stages of the year, with the dollar showing temporary strength and the Japanese stock market weakening a little, some investor resistance to Japanese DM-convertibles has appeared. It is necessary to push the yield up from 3 1/2 per cent and 3 1/4 per cent to employ other technical tricks to improve the effective terms.

OTHER CURRENCIES

France re-opens: Kuwait market matures

THE Kuwaiti dinar sector of the bond market came of age with the successful recent issue for the City of Oslo. It was the first time that this expanding Middle East sector of the market had raised money for a first-class borrower.

The French franc sector re-opened in September with an issue for the European Investment Bank. It made a slightly faltering start because of the EIB's tight terms during a weak phase for the franc.

in August, and the sector was not effectively reopened until the same borrower launched a F1 75m seven-year note in early December. Taking 1978 as a whole, however, the guilder primary market performed quite well, absorbing some 10 new issues.

Anglo-Irish Trade Spot and forward currency

Allied Irish Banks Ltd reminds all importers and exporters, and those involved in financial transactions with the Republic of Ireland that its service covers ALL foreign exchange requirements, including Irish pounds.

For details of your requirements please telephone Peter Harrison on 01-588 0691 or contact any of the following branches.

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Allied Irish Banks Ltd which has its roots on both sides of the Irish Sea is Ireland's leading bank in Britain for corporate and personal accounts. Allied Irish Banks Ireland's biggest bank in Britain

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Table listing UK trade fairs and exhibitions with columns for Date, Title, and Venue. Includes events like Boys' and Girls Exhibition, London International Boat Show, and New Year Gifts, Jewellery and Leathergoods Trade Fair.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Table listing overseas trade fairs and exhibitions with columns for Date, Title, and Venue. Includes events like Hotel and Restaurant Industry Fair - HORECAVA, Home Furnishings Textile Fair, and International Boat Show.

BUSINESS AND MANAGEMENT CONFERENCES

Table listing business and management conferences with columns for Date, Title, and Venue. Includes events like Reading University Science Teachers' Conference, CALUSE Shopping Centre Management, and Institute for Intl. Research: Currency Briefing.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interim or final. The sub-divisions shown below are based mainly on last year's timetable.

Main financial diary table with columns for YESTERDAY, TODAY, and TOMORROW. Lists various companies and their financial events such as dividends, interest payments, and board meetings.

PLANTER'S CANNERY

Advertisement for Planter's Cannery featuring various food products like Rolling Mills, 8 Block, and 9 Die. Includes descriptions and contact information.

MOTOR CARS

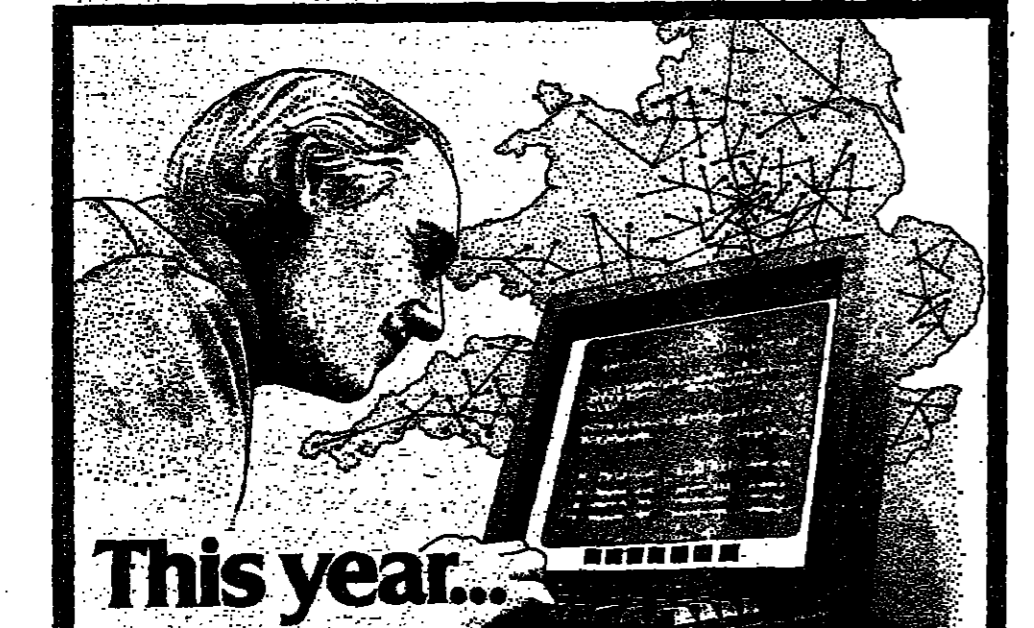
Advertisement for Cowie Lease, an experts in vehicle leasing. Includes contact details for Cowie Lease Limited.

Advertisement for Normans Citroen CX, highlighting a price increase and the benefits of buying from the stock of saloons and safari estates.

Advertisement for J. Lyons & Company Limited (CDRs), offering floating rate notes.

Advertisement for Harrogate Old Swan Hotel, a conference hotel with various amenities.

Advertisement for Metropolitan Borough of Sutton, providing public notices.



Ferranti will be helping British Gas cope with gas flow and consumption countrywide with computer-based visual displays at the nerve centre of the Corporation's National Control System. Confidence, commitment, steady growth. That's Ferranti today.

Notice of Redemption for ENTE NAZIONALE IDROCARBURI E.N.I. 6 1/2% Sinking Fund Debentures due February 1, 1982. Includes a list of debenture numbers and redemption details.

Advertisement for Art Galleries, featuring various art exhibitions and galleries.

FOR YOUR COMPANY—CASH FLOW GUARANTEED. contact-B. D. Kay INTERNATIONAL FACTORS LTD

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Table of British Funds with columns for Name, Price, and Yield.

AMERICANS

Table of American Stocks with columns for Name, Price, and Yield.

BANKS & HP—Continued

Table of Banks and Hire Purchase companies.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals and Plastics companies.

ENGINEERING—Continued

Table of Engineering companies.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits companies.

DRAPERY AND STORES

Table of Drapery and Stores companies.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads companies.

ELECTRICAL AND RADIO

Table of Electrical and Radio companies.

INTERNATIONAL BANK

Table of International Bank companies.

CANADIANS

Table of Canadian companies.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase companies.

FOOD, GROCERIES—Cont.

Table of Food and Groceries companies.

INDUSTRIALS (Miscel.)

Table of Industrial (Miscellaneous) companies.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans companies.

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CHEMICALS, PLASTICS. Table of Chemicals and Plastics companies.

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ELECTRICAL AND RADIO. Table of Electrical and Radio companies.

ELECTRICAL AND RADIO. Table of Electrical and Radio companies.

FOOD, GROCERIES—Cont. Table of Food and Groceries companies.

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Table of Food and Groceries companies.

Table of Hotels and Caterers companies.

Table of Industrial (Miscellaneous) companies.

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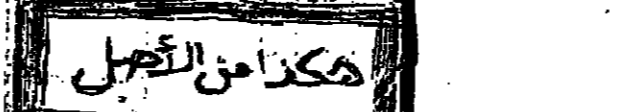
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Skipton Building Society stronghold for savers

Vent-Axia The first name in unit ventilation...

IMF team lists candidates for Zaire bank credit ban

COMMERCIAL BANKS in Zaire have been issued with a list of 50 customers to whom further credit is to be refused.

essential operations such as the repatriation of foreign exchange, the guaranteeing of import licences, outflow of capital and the regulation of exchange.

Chinese take first steps into U.S. territory

By John Hoffman in Peking

VICE-PREMIER Dong Xiaoping (Teng Hsiao-Ping), China's diplomatic architect in normalising relations with the U.S., took his first step yesterday into American territory.

Wages the key to 1979

THE LEX COLUMN



The financial markets in London are entering 1979 in an uneasy frame of mind.

but earnings per share and dividends rose by over an eighth.

Business optimism over pay increases

BY DAVID FREUD

EMPLOYERS believe that the Government's abandonment of its pay sanctions policy will have little impact on wage increases in the present round.

Motor industry trading balance deteriorates

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE UK motor industry's trading balance with the rest of the world has deteriorated sharply after an upsurge in imports of cars, commercial vehicles and components.

The 10-month statistics show a 36 per cent increase in car imports to £1,466m, including vehicles brought in by Ford, Vauxhall and Chrysler.

MOTOR INDUSTRY TRADE PERFORMANCE table with columns for Imports, Exports, and Change % for various categories like Cars, Commercial vehicles, etc.

Discord

The message—China's first official move towards a Taiwan settlement—urged the setting up of port, air and transport agreements, visiting rights and academic, technological and tourist exchanges.

The alternatives

The Government could react in various ways to such a disturbing development. It could raise taxes—as the Chancellor has threatened; it could continue a tight monetary policy.

Unexciting

The straightforward conclusion from all this is that share prices are going to have another unexciting year.

Slackening

At the same time there were signs that growth in demand was slackening—in line with recent official indicators showing that output growth has eased after the rapid expansion between the first and second quarters of last year.

Callaghan appeals to unions

BY PHILIP RAWSTORNE

MR. CALLAGHAN opened a critical election year for his Government yesterday with a renewed appeal to the trade unions not to abuse their power.

responsibility. "We in Britain have no one to fear but ourselves. We are capable of doing anything we set our hands to."

Even debt repayment is still main aim

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE BRITISH Government still aims to achieve a net year-by-year reduction in its overseas borrowings after the completion of a large part of the restructuring of these debts over the last 12 months.

spread the burden of repayment away from the peak years of the early 1980s. In particular, the debt hump between now and 1984 has been reduced by 21.5 per cent to \$15.85bn.

ably be reluctant to see too large a reduction in the level of the reserves from the end-November total of \$15.67bn.

DOES YOUR PORTFOLIO CONTAIN THESE BASIC ESSENTIALS?

Advertisement for M.L. Doxford & Co. Ltd. listing 14 commodities: COCOA, PLATINUM, COFFEE, COPPER, ZINC, WHEAT, RUBBER, WOOL, TIN, GOLD, BARLEY, LEAD, SILVER, SUGAR.

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